Aster DM Healthcare FZC
and its subsidiaries

Report and consolidated financial statements
For the year ended 31 March 2022

Aster DM Healthcare FZC and its subsidiaries

Reports and consolidated financial statements
For the year ended 31 March 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Aster DM Healthcare FZC
United Arab Emirates

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Aster DM Healthcare FZC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its financial performance and its cash flows for the year ended 31 March 2022 in accordance with International Financial Reporting Standards (IFRSs).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements, 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.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and applicable provisions of Hamriya Free Zone Implementing Rules and Regulations concerning the Incorporation of Free Zone Companies at Hamriya Free Zone issued pursuant to Sharjah Emiri Decree No. 6 of 1995 as amended by Sharjah Executive Council Resolution No.1 of 2000, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Cont'd…

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Aster DM Healthcare FZC (continued)

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Board of Directors 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.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Aster DM Healthcare FZC (continued)

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Group has maintained proper books of accounts. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the provisions of the Implementing Rules and Regulations of Hamriyah Free Zone Authority issued pursuant to Sharjah Emiri Decree No. 6 of 1995 as amended by Sharjah Executive Council Resolution No.1 of 2000, which might have materially affected the financial position of the Company or the results of its financial performance.

Deloitte & Touche (M.E.)
Dubai
United Arab Emirates

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of financial position

as at 31 March 2022

	Note	**31 March 2022 AED**	**31 March 2021 AED**
Non-current assets			
Property, plant and equipment	*13*	1,104,865,126	1,055,567,904
Intangible assets	*14*	391,259,117	386,790,787
Right-of-use assets	*28*	862,773,580	888,224,152
Long-term portion of Prepayments - non-current portion	*16*	6,306,486	9,339,951
Equity accounted investees	*18*	40,700,941	38,037,463
Deferred tax asset	*20*	5,747,838	4,615,056
		2,411,653,088	**2,382,575,313**
Current assets			
Inventories	*15*	453,845,570	384,822,931
Trade and other receivables	*16*	1,112,547,024	1,079,478,706
Due from related parties	*25*	206,777,356	226,728,260
Cash and cash equivalents	*17*	105,375,115	84,864,802
		1,878,545,065	**1,775,894,699**
Current liabilities			
Trade and other payables	*19*	980,208,008	948,987,010
Due to related parties	*25*	27,305,734	27,912,677
Lease liabilities	*28*	94,180,256	93,773,298
Current tax liabilities	*20*	5,814,960	3,587,303
Bank borrowings	*21*	272,752,938	224,208,417
		1,380,261,896	**1,298,468,705**
Net current assets		**498,283,169**	**477,425,994**
Non-current liabilities			
Bank borrowings	*21*	583,057,062	729,225,044
Lease liabilities	*28*	914,015,469	914,731,308
Derivative financial instruments	*27*	1,183,808	15,013,649
Provision for employees' end of services benefits	*22*	181,749,057	187,735,302
		1,680,005,396	**1,846,705,303**
Net assets		**1,229,930,861**	**1,013,296,004**
Represented by:			
Share capital	*23*	1,024,191,000	1,024,191,000
Legal reserve	*24*	53,201,894	48,195,436
Retained earnings / (Accumulated losses)		41,124,405	(138,934,808)
Other components of equity		(1,039,603)	(19,165,386)
Equity attributable to owners of the Company		**1,117,477,696**	**914,286,242**
Non-controlling interests (NCI)		112,453,165	99,009,762
Total equity		**1,229,930,861**	**1,013,296,004**

The notes on pages 8 to 51 form part of these consolidated financial statements.

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as of, and for the year ended 31 March 2022.

Dr. Azad Moopen
Chairman

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2022

	Note	31 March 2022 AED	31 March 2021 AED
Revenue from contracts with customers	8 (a)	**3,689,890,715**	3,268,725,369
Other income	8 (b)	**1,989,658**	17,458,365
		3,691,880,373	3,286,183,734
Staff salaries and benefits		**(1,481,347,391)**	(1,269,445,801)
Material cost	9	**(1,026,400,853)**	(991,922,975)
Pre-operative expenses written-off		**(4,037,816)**	(1,686,646)
Allowance for impairment of trade receivables	27 (c)	**(104,389,551)**	(124,925,328)
Lab outsourcing charges		**(119,594,875)**	(115,920,872)
Other costs	10	**(411,575,492)**	(331,758,199)
Unrealised gain on derivative financial instruments	27 (g)	**13,829,841**	8,110,357
Share of profit from equity-accounted investees - net	18	**1,980,117**	1,666,851
Depreciation, amortization and impairment of tangible and intangible assets	11	**(214,755,113)**	(211,224,342)
Finance costs	12	**(107,442,603)**	(119,749,071)
Profit before zakat and income tax		**238,146,637**	**129,327,708**
Zakat and income tax	20	**(5,136,205)**	(1,629,984)
Profit for the year		**233,010,432**	**127,697,724**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability, net of tax	22	**19,629,116**	(5,888,722)
Total comprehensive income for the year		**252,639,548**	**121,809,002**
Profit attributable to:			
Owners of the Company		**215,130,284**	115,336,652
Non-controlling interests (NCI)		**17,880,148**	12,361,072
		233,010,432	**127,697,724**
Total comprehensive income attributable to:			
Owners of the Company		**233,256,067**	110,017,955
Non-controlling interests (NCI)		**19,383,481**	11,791,047
Total comprehensive income for the year		**252,639,548**	**121,809,002**

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as of, and for the year ended 31 March 2022.

The notes on pages 8 to 51 form part of these consolidated financial statements.

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 March 2022

	Attributable to Owners of the Company						*Amounts in AED*
	Share capital	**Legal reserve**	**Retained earnings / (Accumulated losses)**	**Other components of equity****	**Total**	**Non controlling interests (NCI)**	**Total**
At 1 April 2020	1,024,191,000	40,840,893	(246,916,917)	(13,846,689)	804,268,287	90,707,826	894,976,113
Profit for the year	-	-	115,336,652	-	115,336,652	12,361,072	127,697,724
Other comprehensive income							
Remeasurement of net defined benefit liability	-	-	-	(5,318,697)	(5,318,697)	(570,025)	(5,888,722)
Transfer to legal reserve	-	7,354,543	(7,354,543)	-	-	-	-
Transactions with Owners, recorded directly in equity					-		-
Dividend to NCI	-	-	-	-	-	(3,765,000)	(3,765,000)
Change in ownership interests in subsidiaries without loss of control							
Increase in non-controlling interest on account of increase in share capital of subsidiary#	-	-	-	-	-	488,889	488,889
Acquisition of NCI##	-	-	-	-	-	(213,000)	(213,000)
At 31 March 2021	**1,024,191,000**	**48,195,436**	**(138,934,808)**	**(19,165,386)**	**914,286,242**	**99,009,762**	**1,013,296,004**
At 1 April 2021	1,024,191,000	48,195,436	(138,934,808)	(19,165,386)	914,286,242	99,009,762	1,013,296,004
Profit for the year	-	-	215,130,284	-	215,130,284	17,880,148	233,010,432
Other comprehensive income							
Remeasurement of net defined benefit liability	-	-	-	18,125,783	18,125,783	1,503,333	19,629,116
Transfer to legal reserve	-	5,006,458	(5,006,458)	-	-	-	-
Transactions with Owners, recorded directly in equity							
Dividend to the Parent Company	-	-	(28,000,000)	-	(28,000,000)	-	(28,000,000)
Dividend to NCI	-	-	-	-	-	(6,999,691)	(6,999,691)
Change in ownership interests in subsidiaries without loss of control							
Acquisition of NCI##	-	-	(2,064,613)	-	(2,064,613)	1,059,613	(1,005,000)
At 31 March 2022	**1,024,191,000**	**53,201,894**	**41,124,405**	**(1,039,603)**	**1,117,477,696**	**112,453,165**	**1,229,930,861**

The notes on pages 8 to 51 form part of these consolidated financial statements.

** Other components of equity represents OCI portion of valuation of employees' end of services benefits

Increase in non-controlling interest on account of increase in share capital of Medcare Hospital LLC

Acquisition of NCI represents decrease in NCI on account of conversion of three subsidiaries (2021: four subsidiaries) as branches of subsidiaries within the group.

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of cash flows

for the year ended 31 March 2022

	31 March 2022 AED	31 March 2021 AED
Cash flows from operating activities		
Profit before zakat and income tax	**238,146,637**	129,327,708
Adjustments for:		
Depreciation, amortization and impairment of tangible and intangible assets (Refer note 11)	**214,755,113**	211,224,342
Allowance for impairment of trade receivables (Refer note 27)	**104,389,551**	124,925,328
Provision for net defined benefit liability (Refer note 22)	**38,682,397**	37,091,988
Unrealised gain on derivative financial instruments	**(13,829,841)**	(8,110,357)
Share of profit from equity-accounted investees (Refer note 18)	**(1,980,117)**	(1,666,851)
Loss on disposal of property, plant and equipment	**464,693**	1,724,047
Finance costs (Refer note 12)	**86,999,997**	119,749,071
Pre-operative expenses written-off	**4,037,816**	1,686,646
Operating profit before working capital changes	**671,666,246**	615,951,922
Changes in:		
- (Increase)/ decrease in inventories	**(69,022,639)**	45,114,095
- (Increase)/ decrease in trade and other receivables	**(105,731,661)**	108,895,937
- Decrease in due from related parties	**14,087,543**	16,955,461
- Increase/ (decrease) in trade and other payables	**54,630,247**	(72,652,767)
- Decrease in due to related parties	**(606,943)**	(20,534,447)
Cash generated from operating activities	**565,022,793**	**693,730,201**
Payment of net defined liability	**(25,039,526)**	(27,072,926)
Zakat and income tax paid	**(4,041,332)**	(7,728,872)
Net cash generated from operating activities	**535,941,935**	**658,928,403**
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	**(175,075,445)**	(135,003,524)
Purchase of intangible assets	**(21,592,631)**	(7,370,322)
Acquisition of non-controlling interest	**(825,000)**	-
Proceeds from sale of property, plant and equipment	**167,989**	58,847
Net cash used in investing activities	**(197,325,088)**	**(142,314,999)**
Cash flows from financing activities		
Term loan availed	**14,328,479**	34,709,386
Term loan repayment	**(147,771,791)**	(242,365,116)
Other borrowings availed (net)	**35,819,851**	(75,493,223)
Finance charges paid	**(43,093,186)**	(71,270,259)
Lease payments	**(147,390,196)**	(132,574,100)
Dividend paid to NCI by subsidiaries	**(6,999,691)**	(3,765,000)
Dividend paid to the Parent Company	**(23,000,000)**	-
Net cash used in financing activities	**(318,106,534)**	**(490,758,312)**
Net increase in cash and cash equivalents	**20,510,313**	25,855,092
Cash and cash equivalents at the beginning of the year	**84,864,802**	59,009,710
Cash and cash equivalents at end of the year (Refer note 17)	**105,375,115**	**84,864,802**

Refer note 31 for the summary of non-cash transactions

The notes on pages 8 to 51 form part of these consolidated financial statements.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements
For the year ended 31 March 2022

1. Legal status and principal activities

Aster DM Healthcare FZC ("Company" or "Holding Company") is domiciled in Sharjah, United Arab Emirates ('UAE'). The Company's registered office is at Hamriyah Free Zone, Sharjah, UAE. The consolidated financial statements for the year ended 31 March 2022 comprises the financial statements of the Company and its subsidiaries and associates (together referred to as the "Group" and individually as "Group entities"). Refer Note 30 for the list of subsidiaries and associates.

Affinity Holdings Private Limited, Mauritius, is the Parent Company and Aster DM Healthcare Limited, India is the Ultimate Parent Company.

The Group is primarily involved in the operation of healthcare facilities, retail pharmacies and in providing consultancy in areas related to healthcare.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS applied with no material effect on the consolidated financial statements

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 April 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements:

New and revised IFRSs	Summary
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases)	The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions beyond 30 June 2021	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

2.2 New and amended IFRS in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 16 *Property, Plant and Equipment* relating to Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: IFRS 1 *First-Time Adoption of International Financial Reporting Standards* – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: (continued) • IFRS 9 *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 *Leases* – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. IAS 41 *Agriculture* – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022
Amendments to IFRS 3 *Business Combinations* relating to Reference to the Conceptual Framework The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	1 January 2022

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and amended IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 17 *Insurance Contracts*	1 January 2023

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and amended IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 17 *Insurance Contracts* Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current - Deferral of Effective Date The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and amended IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Annual Improvements to IFRSs 2018-2020 Cycle - Amendments to *IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture. (continued)*	1 January 2022
IFRS 16 *Leases*	
The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.	
IAS 41 *Agriculture*	1 January 2022
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.	
The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	
Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current	1 January 2023
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	
IFRS 17 Insurance Contracts	1 January 2023
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	
IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.	

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and amended IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 Insurance Contracts (continued) The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	1 January 2023
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the year of initial application.

3. Acquisitions of hospitals, clinics and pharmacies and discontinued operations

Acquisition of Non-Controlling Interest (NCI) – Aster DCC Pharmacy LLC ("Entity")

On 25 January 2022, the Group acquired balance 30% interest in Aster DCC Pharmacy LLC for a consideration of AED 825,000 thereby increasing the Group's holding from 70% as at 31 March 2021 to 100% as at 31 March 2022. Accordingly, the Group has recognised an increase in NCI of AED 1,239,613 and corresponding decrease in accumulated losses of AED 2,064,613.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

4. Basis of preparation

4.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the Implementing Regulations of the Hamriyah Free Zone Authority.

4.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis except for derivative financial instruments and provision for employee benefits which are measured at fair value as required under IAS 19 – Employee Benefits.

4.3 Functional and presentation currency

These consolidated financial statements are presented in UAE Dirhams ("AED"), which is also the Group's functional currency.

4.4 Funding and liquidity

The Group's business activities, together with factors likely to affect its future development, performance and position are mentioned in the Group's financial reporting manual. In addition, Note 7 sets out the Group's objectives, policies and processes for managing the Group's financial risk including capital management and Note 27 provides quantitative details of the Group's exposure to credit risk, liquidity risk and interest rate risk from financial instruments.

The Board of Directors remain satisfied with the Group's funding and liquidity position. At 31 March 2022, the Group has a net debt of AED 750,434,885 *(2021: AED* 868,568,659*)*. Refer note no. 27(d) The Group is in compliance with the financial covenants as at 31 March 2022.

Based on the above, the Board of Directors have concluded that the going concern assumption in preparation of these consolidated financial statements continues to be appropriate.

5. Significant accounting policies

The accounting policies set out below have been applied consistently in the years presented in these consolidated financial statements and have been applied consistently by the Group entities.

5.1 Basis of consolidation

Accounting for business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in the consolidated profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

5. Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

The consideration transferred does not include amount related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated profit or loss. Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognized in the consolidated profit or loss.

If share based payment awards are required to be exchanged for awards held by the acquiree's employees, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based measure of the replacement awards compared with the market based measure of the acquiree's awards and the extent to which the replacement awards relate to pre combination services.

Accounting for common control business combinations

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the consolidated financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements incorporate the financial statements of the Holding Company and its subsidiaries which are listed in Note 30. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases to exist.

Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest represents the interest in the subsidiaries not held by the Group and are measured initially at either proportionate share of acquiree's identifiable net assets at the date of acquisition. Non-controlling interest also includes interest assigned to parties based on agreements where no shares were held by such parties. Change in the Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to the consolidated profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognized in the consolidated profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to ‘share of profit / (loss) of associates in the consolidated profit or loss’.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group’s consolidated financial statements only to the extent of unrelated investor’s interests in the associates.

Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognized in the consolidated profit or loss.

5.2 Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, variable considerations are estimated at either their expected value or most likely amount and are included in revenue to the extent that it is highly probable that a significant revenue reversal will not occur.

The Group recognizes revenue from contracts with customers based on a five steps model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.2 Revenue (continued)

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration the Group expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled to in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Group concludes that a contract does not exist because the collectability threshold is not met, the entity does not record a receivable for consideration that it has not yet received, for the goods or services transferred to the customer. When the Group satisfies a performance obligation by delivering the promised goods, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Disaggregation of revenue

The Group disaggregates revenue from hospital services (medical and healthcare services), sale of medicines and other operating income. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of the Group's revenues and cash flows are affected by industry, market and other economic factors.

Contract balances

The Group classifies the right to consideration in exchange for sale of services as trade receivables and advance consideration as advance from customers.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.2 Revenue (continued)

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following details provide information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies.

(i) Medical and healthcare services

The Group's revenue from medical and healthcare services comprises of income from hospitals and clinical services. Revenue from hospital 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 reporting date to the extent of the services rendered. Revenue is recognised net of discounts and concessions given to the patients.

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

(ii) Sale of medicines

Revenue from sale of medical consumables and medicines 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. The amount of revenue recognised is net of sales returns, taxes and duties, wherever applicable.

(iii) Other operating income

The Group's revenue derived from providing healthcare management services with revenue recognised over-time based on the criteria that the customers simultaneously receive and consume the benefits provided by the Group as the Group performs and the Group performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

The Group's revenue derived from leasing services where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

5.3 Finance income / finance cost

Finance cost comprise of interest on bank borrowings, lease liabilities and bank charges and are recognized as it accrues in the consolidated profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) Group as a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which compromises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rate from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

5. Significant accounting policies (continued)

5.4 Leases (continued)

(i) Group as a lessee (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group as a lessor

When the Group act as a lessor, at inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

5.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in the profit or loss.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.5 Property, plant and equipment (continued)

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of items of property and equipment. The estimated useful lives are as follows:

Asset class	Years
Buildings	20
Leasehold improvements and office premises (included in office premises, leasehold improvements and interior decoration)	5-20
Interior decoration (included in office premises, leasehold improvements and interior decoration)	5
Furniture & fixtures	5
Instruments & equipment	5-15
Computers	5
Office equipment	5
Motor vehicles	5

The depreciation method and useful lives, as well as residual values if not insignificant are reassessed annually. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Capital work in progress is stated at cost, less impairment losses, if any.

Full year's depreciation is charged on additions, if procured in the first six months of the financial year and half year's depreciation is charged if procured in the last six months of the financial year and on deletions up to and including the month of deletion of the asset.

5.6 Intangible assets and goodwill

a) Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in the consolidated profit or loss. Goodwill is measured at cost less accumulated impairment losses.

b) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.
The Group capitalizes certain development costs incurred in connection with its internal use software. These capitalized costs are related to the development of its software platform that is hosted by the Group and used by the customers. The Group capitalizes all direct and incremental costs incurred during the development phase, until such time when the software is substantially complete and ready for use. The Group also capitalizes costs related to specific upgrades and enhancements when it is probable that the future economic benefits from such upgrades and enhancements will flow to the Group.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.6 Intangible assets and goodwill (continued)

c) Amortisation

Intangible assets are amortised on a straight-line basis in the consolidated profit or loss over their estimated useful lives of 5 - 10 years from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

5.7 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses. Cost of medicines, medical consumables and disposables is determined using the weighted average cost method.

5.8 Foreign exchange

Transactions denominated in foreign currencies are translated into AED at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the exchange rates ruling on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into AED at the foreign exchange rate ruling at the date of the transaction. Realized and unrealized exchange gains and losses have been dealt with in the consolidated profit or loss.

5.9 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economy, are translated to AED at exchange rates at the dates of the transactions. The Group has not recognized any foreign currency translation reserve as these are not material.

5.10 Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.10 Employee benefits (continued)
ii. Defined benefit plans (continued)

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan estimating the amount of future benefit that employees have earned in the current period and previous periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, considerations are given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Group determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined plans are recognized in the consolidated profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognized immediately in the consolidated profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in liability, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance 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 performance conditions at the vesting date. For share-based payment awards with non-vesting condition, 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.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date.

5.11 Financial instruments

i. Recognition and initial measurement

The consolidated financial statements consists of the comprised trade and other receivables, due from related parties and cash at banks. 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 Group becomes a party to the contractual provisions of the instrument.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms 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 Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. 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. On initial recognition, the Group 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.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)
ii. Classification and subsequent measurement (continued)

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 the consolidated 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 the consolidated profit or loss. Any gain or loss on derecognition is recognised in the consolidated profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated 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 never reclassified to consolidated 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, 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 the consolidated 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 the consolidated profit or loss. Any gain or loss on derecognition is also recognised in the consolidated profit or loss.

iii. Derecognition

Financial assets
The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions, whereby, it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)
iii. Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability 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 the consolidated profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group 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.

Impairment

i. Non-derivative financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring -over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group establishes an allowance for credit loss based upon claims submitted, collections received and overall claims rejected.

The ECL model is also adjusted for forward looking macro-economic inputs which is based on reasonable and supportable forecasts of future economic conditions which impact the determination of credit risk and measurement of ECL.

When estimating ECLs, the Group considers reasonable, reliable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs 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 Group in accordance with the contract and the cash flows that the Group expects to receive).

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

Impairment (continued)

i. Non-derivative financial assets (continued)

Impairment allowances 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.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the respective credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial asset carried at amortised cost is 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the consolidated statement of financial position

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

For debt securities at FVOCI, the loss allowance is charged to the profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)
i Non-derivative financial assets (continued)

Impairment (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater 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 asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment loss is reversed 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.

5.12 Share capital
Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

5.13 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.14 Borrowing costs

Borrowing costs are recognized as expenses in the consolidated profit or loss in the period in which they are incurred and are calculated by using the effective interest rate. However, borrowing costs that are directly attributable to the acquisition, construction or development of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or development are expensed.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

5. Significant accounting policies (continued)

5.15 Income tax and zakat

Income tax on the profit or loss for the year for entities in a tax jurisdiction comprises current and deferred tax. Income tax is recognized in the profit or loss of these entities for the period except to the extent that it relates to items recognized directly to equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years, in accordance with the applicable laws of the jurisdiction where these entities are incorporated.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Zakat is provided for in accordance with the Saudi Arabian Zakat and Income Tax Regulations. The provision is charged to the consolidated profit or loss of the entity.

Saudi Arabia

The zakat and income tax declarations for the years up to and including 2021 have been submitted to the General Authority of Zakat and Income Tax (“GAZT”). The Group received a zakat assessment from GAZT for all the years up to 31 December 2014 raising a total demand of SR 9.7 Million and the amount was fully settled.

Oman

The entities are subject to income tax at the rate of 15% of taxable profit. The tax assessment of the Group for the years up to 2017 have been finalised with tax authorities. The Management consider that the amount of additional taxes, if any, that may become payable on finalization of the open tax years would not be material to the Group’s financial results for the year ended 31 March 2022.

Jordan

In Jordan, as per the Income Tax Law No. 34 of 2014, which is effective from 1 January 2015, the corporate income tax rate stands at 20%. Corporate income tax collected from companies is based on the net income companies generate from regular business activities. There is no provision for income tax created for this subsidiary as on 31 March 2022 as there is no taxable profit.

6. Accounting estimates and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade receivables. The Group recognises loss allowances for ECLs on financial assets measured at amortised cost at an amount equal to lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs 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 entity in accordance with the contract and the cash flows that the Group expects to receive).

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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.

Impairment losses on the due from related parties are not recognized as beneficial owners are same and recoverable (Refer Note 25 for the further details).

b) Impairment losses on inventories

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the consolidated profit or loss, the Group makes judgments as to whether there is any observable data indicating that there are future adverse factors affecting the salability of the product and the net realizable value for such product. Accordingly, provision for impairment is made where the net realizable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on its ageing and past movement.

The impairment test is based on the "value in use" calculation. These calculations use cash flow projections based on actual operating results and future expected performance. Cash flow projections beyond five years are extrapolated using a growth rate, which is considered appropriate considering the nature of the industry and the general growth in economic activity being witnessed in the location/region where these entities operate.

Key assumptions used in value in calculations

The impairment test is based on the "value in use" calculation. These calculations use cash flow projections based on actual operating results and future expected performance. Cash flow projections beyond five years are extrapolated using a growth rate, which is considered appropriate considering the nature of the industry and the general growth in economic activity being witnessed in the location / region where these entities operate.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

6. Accounting estimates and judgments (continued)

c) Goodwill impairment

Key assumptions used in value in calculations (continued)

The following describes each key assumption on which the cash flow projections were based to undertake impairment testing of goodwill.

Budgeted free cash flows – The budgeted free cash flows were determined using the management business plan for the 5-year period. The business plan was approved by the Board of Directors.

Discount rates – These represent the cost of capital determined by the management based on its bank borrowing rates, adjusted for country and market factors (Refer Note 14).

Terminal Growth rate - these represent the terminal growth rate determined by the management based on the average industry rate (Refer Note 14).

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the above cash-generating units, management believes that no reasonable possible change in any of the above key assumptions will cause the carrying value of the unit to materially exceed its recoverable amount.

d) Impairment of property, plant and equipment

The recoverable amount of property, plant and equipment is based on the "value in use" calculation. Provision for impairment is made where the net realizable value is less than the carrying value, based on best estimates by the management. The Company's management determines the estimated useful lives and related depreciation charges for its property and equipment on an annual basis.

e) Amortisation of Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use and is included in depreciation and amortisation expenses in consolidated statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

6. Accounting estimates and judgments (continued)

f) Lease term and incremental borrowing rate

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract to determine the period for which the contract is enforceable. A lease is no longer enforceable when the Group (lessee) and the lessor, both, has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

In determining the lease term where the enforceability of the option solely rests with the Group, the management considers all facts and circumstances that create an economic incentive to exercise the option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are most relevant:

— If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)

— Group also considers other factors including current market conditions, historical impairments on related CGUs, business plans etc.

Where the option on the lease term rests with both the Group (lessee) and the lessor, the Group considers that the option is not enforceable and that the term under the option is based on the consent of both parties is not considered in the lease term since the Group cannot enforce the extension of the lease without the agreement of the lessor. In addition, economic incentives are also considered when evaluating the enforceability rights.

The Group cannot readily determine the interest rate implicit in the lease and hence uses its incremental borrowing rate to measure lease liabilities. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk.

g) Estimation of the defined benefit plan

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, considerations are given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Group determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined plans are recognized in the consolidated profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognized immediately in the consolidated profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs (Refer Note 22 for the further details).

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

6. Accounting estimates and judgments (continued)

h) Effect of Covid-19

In January 2020, the World Health Organization ("WHO") announced a global health emergency due to the outbreak of coronavirus ("COVID-19"). Based on the rapid increase in exposure and infections across the world, WHO, in March 2020, classified the COVID-19 outbreak as a pandemic. The pandemic nature of this disease has necessitated global travel restrictions and lockdowns in most countries of the world including the UAE, causing global disruption to business and economic activities.

Many countries have adopted extraordinary and economically costly containment measures with certain countries requiring companies to limit or even suspend normal business operations. Governments, including the Middle East, have implemented restrictions on travelling as well as strict quarantine and social distancing measures, which will/may significantly impact the results and operations of the Group.

The Group continues to closely monitor the situation to manage any business disruption. While circumstances are continually evolving, the risks are mitigated by the sales revenue; preventive measures taken by management to mitigate operational risks and cost cutting measures taken to improve financial resilience in the current environment.

The Group has performed an assessment of the potential impact of the pandemic on its consolidated financial statements for the year ended 31 March 2022 in particular their estimates in determining expected credit losses, inventory provision and impairment of Property, Plant and Equipment, and has concluded that there is no material impact to the operations or the profitability of the Group. As the situation is evolving, the Group will continue to monitor the situation and adjust its critical judgements and estimates, as necessary, during the course of 2022.

7. Financial risk management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's senior management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management framework is a combination of formally documented policies in certain areas and informal approach to risk management in others. The Group's approach to risk management is established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

7. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to unbilled revenue, due from related parties, trade and other receivables (excluding prepayments and advances) and bank balances. The exposure to credit risk on advance against investment and due from related parties is monitored on an ongoing basis by the management and these amounts are considered recoverable by the Group's management. The Group's cash is placed with banks of repute.

The Group establishes an allowance for credit loss that represents its estimate of expected credit loss (ECL) in respect of trade and other receivables. The Group recognises loss allowances for ECLs on financial assets measured at amortised cost at an amount equal to lifetime ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs 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 entity in accordance with the contract and the cash flows that the Group expects to receive).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables, dividend payable, due to related parties, lease liabilities, derivative financial instrument and bank and other borrowings. The Group'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 Group's reputation. In addition to its own assets and lines of credit available to it from financial institutions, the Group also uses the funds from certain related parties for purposes of managing its requirements. Also refer Note 4.4

Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Group's exposure to foreign currency risk is minimal as the majority of its transactions are denominated in the Group's functional currency or currencies that are pegged to the US Dollar. The UAE Dirham, Saudi Riyal, Jordanian Dinar, Bahraini Dinar and Omani Riyal are currently pegged to the US Dollar and transactions in Kuwaiti Dinar, Indian Rupee and Philippines Peso are limited, hence currency risk is minimal. Also refer Note 27 (e).

Equity risk

The Group does not have any exposure to equity risk.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2022

7. Financial risk management (continued)

Interest rate risk

The Group's exposure to interest rate risk is primarily on its bank borrowings. The interest rate on the Group's financial instruments is based on market rates. The Group monitors the movement in interest rates on an ongoing basis.
The Group manages its interest rate risk by using derivative instruments such as interest rate swaps. Also refer Note 27 (f).

Capital management

The Board's policy is to maintain a strong capital base to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security offered by a sound capital position.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. Also refer Note 27 (h).

		Year ended 31 March 2022 AED	Year ended 31 March 2021 AED
8 (a)	**Revenue from contracts with customers**		
	Hospitals and clinics	2,717,185,896	2,385,059,389
	Pharmacies	971,945,865	882,945,230
	Service income	758,954	720,750
		3,689,890,715	**3,268,725,369**
	Revenue is recognised at a point in time.		
8 (b)	**Other income**		
	Income from canteen	989,855	1,170,809
	Income from training	91,104	230,968
	Other miscellaneous income	908,699	16,056,588
		1,989,658	**17,458,365**
9	**Material cost**		
	Cost of materials sold	859,927,848	687,968,863
	Materials consumed at clinics and hospitals	166,473,005	303,954,112
		1,026,400,853	**991,922,975**
10	**Other costs**		
	Rent	40,212,811	41,919,671
	Advertisement and sales promotion	42,910,181	32,140,445
	Water and electricity	32,242,489	30,181,976
	Legal & professional fees	24,205,617	21,226,640
	License and visa fees	29,770,523	27,467,396
	Repairs and maintenance	45,320,969	31,427,189
	Communication	19,019,773	13,745,593
	Printing and stationary	6,557,602	5,562,737
	Travelling & conveyance	14,363,148	8,389,929
	Insurance	9,557,658	3,413,161
	Equity settled staff incentives	400,000	943,163
	Others	147,014,721	115,340,299
		411,575,492	**331,758,199**
11	**Depreciation, amortization and impairment of tangible and intangible assets**		
	Depreciation on property, plant and equipment (Refer note 13)	93,200,068	92,622,500
	Depreciation on right of use assets (Refer note 28)	104,430,744	102,841,365
	Amortisation of intangible assets (Refer note 14)	17,124,301	15,760,477
		214,755,113	**211,224,342**
12	**Finance costs**		
	Interest on bank borrowings	43,093,186	54,785,007
	Interest on lease liabilities	43,906,811	48,478,812
	Bank charges	20,442,606	16,485,252
		107,442,603	**119,749,071**

13 Property, plant and equipment **Amounts in AED**

	Land	Buildings	Office premises, leasehold improvements & interior decoration	Furniture & fixtures	Instruments & equipment	Computers	Office equipment	Motor vehicles	Capital work in progress	Total
Cost										
Balance at 1 April 2020	10,171,517	60,244,567	490,660,462	146,324,371	465,299,954	39,956,016	77,598,621	22,273,827	348,384,396	1,660,913,731
Additions / transfers	-	18,304,932	20,543,941	4,892,481	16,487,351	7,348,112	1,558,003	530,473	133,162,536	202,827,829
Disposals	-	-	(1,735,852)	(239,750)	(2,934,833)	(230,656)	(31,159)	(182,929)	(32,505,762)	(37,860,941)
Balance at 31 March 2021	10,171,517	78,549,499	509,468,551	150,977,102	478,852,472	47,073,472	79,125,465	22,621,371	449,041,170	1,825,880,619
Balance at 1 April 2021	10,171,517	78,549,499	509,468,551	150,977,102	478,852,472	47,073,472	79,125,465	22,621,371	449,041,170	1,825,880,619
Additions / transfers		936,472	78,253,675	6,893,272	25,078,873	7,906,150	4,023,769	1,502,420	18,535,341	143,129,972
Disposals / reclassification		(8,249,257)	(3,366,249)	(989,201)	(1,574,944)	(817,078)	(894,486)	(1,694,237)		(17,585,452)
Balance at 31 March 2022	**10,171,517**	**71,236,714**	**584,355,977**	**156,881,173**	**502,356,401**	**54,162,544**	**82,254,748**	**22,429,554**	**467,576,511**	**1,951,425,139**
Accumulated depreciation										
Balance at 1 April 2020	-	27,041,000	181,821,136	117,569,656	255,679,324	32,355,233	48,512,948	18,384,376	-	681,363,673
Charge for the year (refer note 11)	-	2,966,190	29,084,636	13,349,381	32,693,742	7,623,119	5,229,861	1,675,571	-	92,622,500
Eliminated on disposal	-	-	(127,195)	(229,476)	(2,934,833)	(195,757)	(3,268)	(182,929)	-	(3,673,458)
Balance at 31 March 2021	**-**	**30,007,190**	**210,778,577**	**130,689,561**	**285,438,233**	**39,782,595**	**53,739,541**	**19,877,018**	**-**	**770,312,715**
Balance at 1 April 2021	-	30,007,190	210,778,577	130,689,561	285,438,233	39,782,595	53,739,541	19,877,018	-	770,312,715
Charge for the year (refer note 11)		2,991,581	31,161,390	12,040,227	32,038,756	8,846,244	5,152,866	969,004	-	93,200,068
Eliminated on disposal / reclassification		(6,835,970)	(4,353,256)	(892,296)	(1,486,032)	(815,658)	(887,088)	(1,682,470)	-	(16,952,770)
Balance at 31 March 2022	**-**	**26,162,801**	**237,586,711**	**141,837,492**	**315,990,957**	**47,813,181**	**58,005,319**	**19,163,552**	**-**	**846,560,013**
Carrying amount										
31 March 2022	**10,171,517**	**45,073,913**	**346,769,266**	**15,043,681**	**186,365,444**	**6,349,363**	**24,249,429**	**3,266,002**	**467,576,511**	**1,104,865,126**
31 March 2021	**10,171,517**	**48,542,309**	**298,689,974**	**20,287,541**	**193,414,239**	**7,290,877**	**25,385,924**	**2,744,353**	**449,041,170**	**1,055,567,904**

Notes

a) Capital work in progress as at 31 March 2022 represents:

i) Expenditure towards construction and improvement of hospitals and clinics amounting to AED 234.91 million (2021: AED 229.84 million) in the UAE, AED 178.78 million (2021: AED 170.28 million) in Oman and AED 30.41 million (2021: AED 31.45 million) in the Kingdom of Saudi Arabia;
ii) Expenditure towards construction and improvement of hospitals and clinics of Medcare Hospital LLC amounting to AED 16.26 million (2021: AED 14.92 million); and
iii) Expenditure towards setting up of Pharmacies in the UAE amounting to AED 7.22 million (2021: AED 2.55 million);
iv) Property, plant and equipment is mortgaged / hypothecated to banks as security towards bank borrowings (Reference Note 21 (a))

14 Intangible assets

Amounts in AED

	Goodwill	Intangible assets	Total
Cost			
Balance at 1 April 2020	312,714,355	123,270,357	435,984,712
Additions during the year	-	7,370,322	7,370,322
Disposal of subsidiaries	-	(101,173)	(101,173)
Balance at 31 March 2021	**312,714,355**	**130,539,506**	**443,253,861**
Balance at 1 April 2021	312,714,355	130,539,506	443,253,861
Additions during the year		21,592,631	21,592,631
Balance as at 31 March 2022	**312,714,355**	**152,132,137**	**464,846,492**
Accumulated amortisation and impairment losses			
Balance at 1 April 2020	5,421,251	35,281,346	40,702,597
Amortization for the year (Refer note 11)	-	15,760,477	15,760,477
Balance at 31 March 2021	**5,421,251**	**51,041,823**	**56,463,074**
Balance at 1 April 2021	5,421,251	51,041,823	56,463,074
Amortization for the year (Refer note 11)	-	17,124,301	17,124,301
Balance as at 31 March 2022	**5,421,251**	**68,166,124**	**73,587,375**
Carrying amount			
31 March 2022	**307,293,104**	**83,966,013**	**391,259,117**
31 March 2021	**307,293,104**	**79,497,683**	**386,790,787**

Goodwill has been allocated to the following cash generating units (CGUs):

	As at 31 March 2022 AED	**As at 31 March 2021 AED**
Pharmacies	129,676,272	129,676,272
Hospitals	108,722,945	108,722,945
Clinics	68,893,887	68,893,887
	307,293,104	**307,293,104**

Goodwill is tested for impairment annually in accordance with the Group's policy for determining the recoverable value of such assets. For the purpose of impairment testing, goodwill is allocated to a cash generating unit ("CGU") representing the lowest level within the Group at which the goodwill is monitored for internal management purposes, and which is not higher than the Group's operating segment. The recoverable amount of the CGU is the higher of fair value less cost to sell ("FVLCTS") and its value in use ("VIU"). The FVLCTS of the CGU is determined based on the market capitalisation approach, using the turnover and earnings multiples derived from observed market data. The VIU is determined based on discounted cash flow projections. Key assumptions on which the Group has based its determination of VIUs include:

a) Estimated cash flow for five years based on formal approved internal management budgets with extrapolation of remaining period, wherever such budgets were shorter than the five years period.

b) Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity using long-term growth rates. These long-term growth rates take into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry.

The key assumptions used in the estimation of recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both internal and external sources.

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Discount rate	10% - 17.0%	13% - 20.0%
Terminal value growth rate	2.0% - 5.0%	2.0% - 5.0%
Weighted average cost of capital (WACC) before tax - equity	9% - 15.0%	12% - 22.0%
Weighted average cost of capital (WACC) before tax - debt	0.8% - 1.5%	1% - 3%

The Group has performed impairment analysis and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

		As at 31 March 2022 AED	As at 31 March 2021 AED
15	**Inventories**		
	Pharmacies	373,192,875	325,948,305
	Clinics	11,069,246	12,688,621
	Consumables	74,149,917	58,575,103
		458,412,038	397,212,029
	Allowance for slow moving inventories	(4,566,468)	(12,389,098)
		453,845,570	**384,822,931**
	Inventory movement during the year		
	Opening inventories	397,212,029	440,811,080
	Purchase of inventories	1,087,600,862	948,323,924
	Closing inventories	(458,412,038)	(397,212,029)
	Material cost	**1,026,400,853**	**991,922,975**
	Movment in allowance for slow moving inventories is as follows :		
	Opening Balance	12,389,098	10,874,054
	Charge / (write off) for the year	(7,822,630)	1,515,044
	Closing balance	**4,566,468**	**12,389,098**

Inventories are mortgaged to banks as security towards bank borrowings (Refer note 21 (a))

		As at 31 March 2022 AED	As at 31 March 2021 AED
16	**Trade and other receivables**		
	Trade receivables	1,122,790,743	1,281,081,246
	Less : Loss allowance	(270,431,313)	(386,878,459)
		852,359,430	894,202,787
	Unbilled revenue	10,878,691	3,454,337
	Prepayments	47,628,239	48,867,647
	Long-term portion of prepayments	6,306,486	9,339,951
	Other receivables	201,680,664	132,953,935
		1,118,853,510	**1,088,818,657**
	Non-current portion	6,306,486	9,339,951
	Current portion	1,112,547,024	1,079,478,706
		1,118,853,510	**1,088,818,657**

The Group’s exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 27(c). Average credit days is in the range of 80-120 days . Top 10 customers contribute to 60% to 70% of total receivables.
Trade recivables are mortgaged to Banks as security towards bank Borrowing (Refer note 21 (a))

		As at 31 March 2022 AED	As at 31 March 2021 AED
17	**Cash and Cash Equivalents**		
	Cash in hand	7,311,364	5,534,819
	Bank balances	98,063,751	79,329,983
		105,375,115	**84,864,802**

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Banks of the respective countries in which the Company and its subsidiaries are domiciled. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that the credit risk associated with these is very low, if any, as at the end of reporting period, and hence have not recorded any expected credit loss allowances on these balances.

		As at 31 March 2022 AED	As at 31 March 2021 AED
18	**Equity accounted investees**		
	Investment in associates	21,549,941	18,886,463
	Advance against investments	19,151,000	19,151,000
		40,700,941	**38,037,463**

(a) Investment in associates

The Group has a 25% interest in Aries Holdings FZC, an entity which is not listed on any public exchange, effective from 24 November 2014. The carrying value of the investment as at 31 March 2022 is AED 18,130,218 (2021: AED 17,303,657). The Group’s share of profit for the year ended 31 March 2022 is AED 2,176,244 (2021: AED 875,510).

The Group has a 33% interest in AAQ Healthcare Investments LLC, an entity which is not listed on any public exchange, effective from 3 March 2016. The carrying value of the investment as at 31 March 2022 is AED 2,669,723 (2021: AED 1,582,806). The Group's share of profit for the year ended 31 March 2022 is AED 903,873 (2021 : AED 791,341.).

The Group has a 49% interest in Al Mutamaiz Medcare Healthcare Investment Co. LLC, an entity which is not listed on any public exchange, effective from July 2018. The carrying value of the investment as at 31 March 2022 is Nil (2021: AED Nil). The Group's share of loss for the year ended 31 March 2022 is AED 1,100,000 (2021: AED Nil).

18 Equity accounted investees (continued)

(a) Investment in associates (continued)

The following table summarises the financial information of Aries Holdings FZC, AAQ Healthcare Investments LLC and Al Mutamaiz Medcare Healthcare Investment Co. LLC :

	As at 31 March 2022 AED	As at 31 March 2021 AED
Aries Holdings FZC	25%	25%
Non-current assets	90,779,682	89,535,276
Non-current liabilities	(37,500,000)	(43,750,000)
Current assets	51,271,853	55,999,225
Current liabilities	(29,030,664)	(32,569,873)
Net assets (100%)	75,520,871	69,214,628
Group's share of net assets (25%)	18,880,218	17,303,657
Add: Advance against investments	9,250,000	9,250,000
Carrying amount of interest in associate (A)	**28,130,218**	**26,553,657**
Revenue	12,038,219	9,129,032
Total comprehensive income (100%)	8,704,976	3,502,039
Group's share of profit for the year and total comprehensive income (25%)	**2,176,244**	**875,510**

	As at 31 March 2022 AED	As at 31 March 2021 AED
Opening net assets	69,214,628	51,777,390
Add : Total comprehensive income (100%)	8,704,976	3,502,039
Less : Dividend declared during the year	(6,015,000)	(1,500,000)
Add : Capital contribution by share holders	3,616,267	15,435,199
Closing net assets	**75,520,871**	**69,214,628**

	As at 31 March 2022 AED	As at 31 March 2021 AED
AAQ Healthcare Investments LLC	33%	33%
Non-current assets	60,500,000	67,512,520
Non-current liabilities	(20,427,651)	(40,460,055)
Current assets	5,532,898	7,285,864
Current liabilities	(37,515,176)	(29,541,947)
Net assets (100%)	8,090,071	4,796,382
Group's share of net assets (33%)	2,669,723	1,582,806
Add: Advance against investments	9,901,000	9,901,000
Carrying amount of interest in associate (B)	**12,570,723**	**11,483,806**
Revenue	7,500,000	7,500,000
Total comprehensive income (100%)	2,739,009	2,398,004
Group's share of profit for the year and total comprehensive income (33%)	**903,873**	**791,341**
Opening net assets	4,796,382	2,398,378
Add : Total comprehensive income (100%)	2,739,009	2,398,004
Add : Capital contribution by share holders	554,680	-
Closing net assets	**8,090,071**	**4,796,382**

	As at 31 March 2022 AED	As at 31 March 2021 AED
Al Mutamaiz Medcare Healthcare Investment Co. L.L.C	49%	49%
Non-current assets	13,625,348	15,669,805
Non-current liabilities	(14,388,073)	(14,899,875)
Current assets	8,264,313	4,990,217
Current liabilities	(22,144,184)	(18,157,845)
Net assets (100%)	(14,642,596)	(12,397,698)
Group's share of net assets (49%)	-	-
Add: Advance against investments	-	-
Carrying amount of interest in associate (B)	-	-
Revenue	10,698,873	9,340,671
Total comprehensive income / (loss) (100%)	(2,244,898)	(3,881,850)
Group's share of loss and total comprehensive income (49%)	**(1,100,000)**	**-**

(b) Advance against investments

Advance against investment as at 31 March 2022 and 31 March 2021 represents the advance made by the Group towards the additional capital contribution in Aries Holding FZC and AAQ Healthcare Investments LLC.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2022

19 Trade and other payables

	As at 31 March 2022 AED	As at 31 March 2021 AED
Trade payables	503,890,533	474,435,868
Payable towards acquisition of additional interest from non-controlling interests	10,995,000	10,995,000
Payable to partners in clinics and pharmacies*	7,653,242	10,293,966
Accrued expenses and other payables	457,669,233	453,262,176
	980,208,008	**948,987,010**

Average days payable is in the range of 100-140 days

*Represents the non-controlling interests and share of profits payable to individuals relating to some of the clinics and pharmacies acquired by the subsidiaries of the Group.

20 Zakat charge and income tax expense

	Year ended 31 March 2022 AED	Year ended 31 March 2021 AED
Income tax	3,326,540	1,658,768
Deferred tax	(1,132,784)	(2,428,425)
Zakat charge*	2,942,449	2,399,641
	5,136,205	**1,629,984**

** Zakat charge is in accordance with the Saudi Arabian Zakat and Income Tax regulations.*

The movement in deferred tax asset is as follows :

Opening balance	**4,615,056**	**2,186,631**
Charge for the year	**1,132,784**	**2,428,425**
	5,747,838	**4,615,056**

The movement in zakat and income tax payable is as follows :

Opening balance	**3,587,303**	7,257,766
Charge for the year	**6,268,989**	4,058,409
Paid during the year	**(4,041,332)**	(7,728,872)
	5,814,960	3,587,303

21 Bank borrowings

	As at 31 March 2022 AED	As at 31 March 2021 AED
Non-current		
Bank loans	583,057,062	729,138,926
Vehicle loans	-	86,118
	583,057,062	**729,225,044**
Current		
Bank loans	253,432,303	215,294,064
Bank overdrafts	19,320,635	8,914,353
	272,752,938	**224,208,417**
	855,810,000	**953,433,461**

a) Bank borrowings are secured as follows :

- Mortgage / hypothecation on building, medical equipment / machineries / tools / accessories, furniture & fixtures, inventories and receivables;
- Promissory note;
- Assignment of insurance on medical equipment / machineries, fixed assets, furniture & fixtures, inventories & other movable assets in favour of the bank;
- Corporate guarantee of the Holding Company and subsidiary companies;
- Assignment of receivables from insurance companies in favour of the bank;
- Assignment of point of sale collection;
- Assignment and subordination of shareholders loans;
- Hypothecation of assets;
- Pledge of 51% of equity interest held by Affinity Holdings Private Limited in the Holding Company;
- Accounts and share pledge;
- Undertaking letters from Borrower & Guarantors; and
- Bank guarantee from Commercial Bank of Dubai.

b) The Group is required to comply with following financial covenants:

- Leverage ratio not to exceed 3.5;
- Debt equity ratio: not to exceed 1.5;

On 30 March 2022, the lender bank of a subsidiary company waived the requirement to comply with current ratio , leverage ratio and term debt / EBITDA financial covenant for the year end March-22.

As at 31 March 2022 the Group was in compliance with the above mentioned covenants.

These facillities carry interest ranging from 2.35% p.a to 7.5% p.a (2021 : 2.35% p.a to 7.5% p.a).

c) Changes in liabilities arising from financing activities for the year ended 31 March 2022

Particulars	1 April 2021	Cash flows (Net)	Changes in fair values	Acquisition/ Transfer	31 March 2022
Bank borrowings	953,433,461	(97,623,461)	-	-	855,810,000

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

Particulars	1 April 2020	Cash flows (Net)	Changes in fair values	Acquisition/ Transfer	31 March 2021
Bank borrowings	1,236,582,414	(283,148,953)	-	-	953,433,461

		31 March 2022 AED	31 March 2021 AED
22	**Provision for employees' end of service benefits**		
	Movement in employees' end of service benefits during the year is as follows:		
	Opening balance	187,735,302	171,827,518
	Charge for the year	19,053,281	42,980,710
	Less: Paid during the year	(25,039,526)	(27,072,926)
		181,749,057	**187,735,302**

Particulars	**31 March 2022 AED**	**31 March 2021 AED**
Obligations at the beginning of the year	187,735,302	171,827,518
Current service cost	36,158,639	33,108,108
Interest cost	2,523,758	3,983,880
Actuarial (gain) / loss	(19,629,116)	5,888,722
Benefits paid	(25,039,526)	(27,072,926)
Obligations at the end of the year	**181,749,057**	**187,735,302**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	181,749,057	187,735,302
Net liability recognized in the consolidated statement of financial position	**181,749,057**	**187,735,302**
Expense recognised in profit or loss		
i) Expense recognised in the consolidated profit or loss		
Current service cost	36,158,639	33,108,108
Interest cost	2,523,758	3,983,880
	38,682,397	**37,091,988**
ii) Remeasurements recognised in other comprehensive income		
Actuarial (gain) / loss	(19,629,116)	5,888,722
	(19,629,116)	**5,888,722**

Assumptions:	**31 March 2022 AED**	**31 March 2021 AED**
Discount rate (per annum)	2.6% - 2.9%	1% - 2%
Rate of increase in compensation levels*	2% - 3.5%	2% - 3.5%
Attrition rates	15%	15%
Expected average remaining working life of employees	4 to 5 years	4 to 5 years
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)

Sensitivity analysis

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

	31 March 2022		**31 March 2021**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(8,290,904)	9,162,353	(9,213,844)	10,248,743
Future salary increase (1% movement)	9,115,598	(8,408,842)	10,060,294	(9,230,966)
Attrition rate (1% movement)	110,694	(130,734)	(430,286)	469,123

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

		31 March 2022 AED	31 March 2021 AED
23	**Share capital**		
	Issued and paid up		
	1,024,191 shares of AED 1,000 each *(2020: 1,024,191 shares of AED 1,000 each)*	1,024,191,000	1,024,191,000
		1,024,191,000	**1,024,191,000**

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general assembly of the Company.

24 Legal reserve

Legal reserve represents the legal reserves of the LLC / WLL companies in the Group created according to Article 255 of the UAE Commercial Companies Law, Article (176) of Kingdom of Saudi Arabia Companies System, Bahrain Commercial Companies Law 2001 and provisions of the Sultanate of Oman's Commercial Law. It is a minimum of 10% of the net profit of the LLC / WLL companies, allocated every year to a legal reserve. Such allocations may be ceased when the legal reserve equals half of the paid-up share capital. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned laws. The Group has transferred an amount of AED 5,006,458 (2021: AED 7,354,543) to the legal reserve during the current year.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2022

25 Related party balances and transactions

The Group, in the normal course of business, enters into transactions with other business entities and individuals that fall within the definition of related parties as contained in International Accounting Standard 24 related party disclosure. The aggregate values of transactions entered into with related parties are as follows other than those already disclosed elsewhere in these consolidated financial statements.:

(i) Names of related parties and description of relationship with the Group:

A) Entities where control exists	
(a) Parent Company	Affinity Holdings Private Limited, Mauritius
(b) Ultimate Parent Company	Aster DM Healthcare Limited, India
(c) Subsidiaries and associates	Refer note 30
(d) Fellow subsidiaries of the Parent Company	Dr. Moopens Healthcare Management Services WLL
	Wellcare Polyclinic WLL
	E-Care International Medical Billing Services Co. LLC
B) Other related parties with whom the Group has transactions during the year	
(a) Key managerial personnel and their relatives:	Dr. Azad Moopen (Chairman and Managing Director)
	Mrs. Alisha Moopen (Deputy Managing Director)
	Mr. Sreenath Reddy (Chief Financial Officer)
	Mr. Wilson T Joseph (Director)

(ii) Related party transactions	**31 March 2022 AED**	**31 March 2021 AED**
Key management personnel		
Management remuneration and short-term employee benefits	14,508,984	15,659,813
Rental expenses	296,000	296,000
Equity settled share based payment transactions		
Aster DM Healthcare Limited	400,000	943,163
Short term loans and advances (repaid) / given		
Affinity Holdings Private Limited	(12,994,183)	(9,418)
Lease rental expense during the year		
Aries Holdings FZC	12,038,219	9,129,032
AAQ Healthcare Investments LLC	7,500,000	7,500,000
Advance given/ (repaid) during the year		
Aries Holdings FZC	2,654,510	(22,355,653)
AAQ Healthcare Investments LLC	(1,803,645)	973,534

(iii) Related party balances

Due from related parties	**31 March 2022 AED**	**31 March 2021 AED**
Parent Company		
Affinity Holdings Pvt. Limited	156,268,200	169,262,383
Entities under common management and control		
Dr. Moopens Healthcare Management Services WLL, Qatar	5,401,880	7,677,844
E-Care International Medical Billing Services Co. LLC	-	1,716,992
Union Investments Private Limited, Mauritius	598,619	598,619
Equity accounted investees		
Aries Holdings FZC	10,677,874	8,023,364
AAQ Healthcare Investments LLC	16,266,213	18,069,858
Other clinics/Pharmacies partners *	17,564,570	21,379,200
	206,777,356	226,728,260

** Represents funds advanced to minority stakeholders of certain clinics and pharmacies, acquired by the subsidiaries of the Group.*

Due to related parties	**31 March 2022 AED**	**31 March 2021 AED**
Ultimate Parent Company		
Aster DM Healthcare Limited, India	21,035,381	18,950,510
Entities under common management and control		
E-Care International Medical Billing Services Co. LLC	-	-
Others	6,270,353	7,881,113
Key management personnel		
Managerial remuneration payable	-	1,081,054
	27,305,734	27,912,677

26 Contingent liabilities and commitments	**31 March 2022 AED**	**31 March 2021 AED**
a) Contingent liabilities		
Bank guarantees	13,368,810	7,687,666
b) Commitments		
Capital commitments	73,661,375	77,836,177

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)
for the year ended 31 March 2022

27 Financial instruments

(a) Accounting classification and fair values

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair vales of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable appropriation of fair value.

	Carrying amount				Fair value			
31 March 2022	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value*								
Trade and other receivables	-	1,054,040,094	-	1,054,040,094	-	-	-	-
Cash and cash equivalents	-	105,375,115	-	105,375,115	-	-	-	-
Due from related parties	-	206,777,356	-	206,777,356	-	-	-	-
	-	**1,366,192,565**	**-**	**1,366,192,565**				
Financial liabilities not measured at fair value*								
Bank borrowings	-	-	855,810,000	855,810,000	-	-	-	-
Due to related parties	-	-	27,305,734	27,305,734	-	-	-	-
Trade and other payables	-	-	980,208,008	980,208,008	-	-	-	-
Lease liabilities	-	-	1,008,195,725	1,008,195,725	-	-	-	-
Financial liabilities measured at fair value								
Derivative financial instruments	1,183,808	-	-	1,183,808	-	1,183,808	-	1,183,808
	1,183,808	**-**	**2,871,519,467**	**2,872,703,275**	**-**	**1,183,808**	**-**	**1,183,808**

	Carrying amount				Fair value			
31 March 2021	**FVTPL**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value*								
Trade and other receivables	-	1,027,156,722	-	1,027,156,722	-	-	-	-
Cash and cash equivalents	-	84,864,802	-	84,864,802	-	-	-	-
Due from related parties	-	226,728,260	-	226,728,260	-	-	-	-
	-	**1,338,749,784**	**-**	**1,338,749,784**				
Financial liabilities not measured at fair value*								
Bank borrowings	-	-	953,433,461	953,433,461	-	-	-	-
Due to related parties	-	-	27,912,677	27,912,677	-	-	-	-
Trade and other payables	-	-	948,987,010	948,987,010	-	-	-	-
Lease liabilities	-	-	1,008,504,606	1,008,504,606				
Financial liabilities measured at fair value								
Derivative financial instruments	15,013,649	-	-	15,013,649	-	15,013,649	-	15,013,649
	15,013,649	**-**	**2,938,837,754**	**2,953,851,403**	**-**	**15,013,649**	**-**	**15,013,649**

27 Financial instruments (continued)

(b) Measurement of fair values
Level 2 fair values

The Group 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 the consolidated statement of profit and loss.
The Group has recognised gain during the year ended 31 March 2022 amounting to AED 13,829,841 (31 March 2021 gain of AED 8,110,357).

(c) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 March 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets is stated in the statement of financial position. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Internal credit rating*	Gross carrying amount	Loss Allowance	As at 31 March 2022 AED
Trade receivables	16	Doubtful	1,122,790,743	(270,431,313)	852,359,430
Other receivables	16	Performing	201,680,664	-	201,680,664
Bank balances	17	Performing	98,063,751	-	98,063,751
Due from related parties	16	Performing	206,777,356	-	206,777,356
			1,629,312,514	**(270,431,313)**	**1,358,881,201**

	Note	Internal credit rating*	Gross carrying amount	Loss Allowance	As at 31 March 2021 AED
Trade receivables	16	Doubtful	1,281,081,246	(386,878,459)	894,202,787
Other receivables	16	Performing	132,953,935	-	132,953,935
Bank balances	17	Performing	79,329,983	-	79,329,983
Due from related parties	16	Performing	226,728,260	-	226,728,260
			1,720,093,424	**(386,878,459)**	**1,333,214,965**

Internal credit rating*

Cateogory	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >180 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Advances and other receivables, due from related parties and due from shareholders balances are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations generally approximates their carrying value.

Expected credit losses
The ageing of trade receivables at the reporting date was:

	2022			2021		
	Gross	Expected credit losses	Weighted average loss rate	Gross	Expected credit losses	Weighted average loss rate
0 – 30 days	185,040,384	1,760,807	0.95%	178,745,571	5,441,191	3.04%
31 – 180 days	303,901,898	11,183,091	3.68%	258,335,903	18,788,455	7.27%
More than 180 days	633,848,461	257,487,415	40.62%	843,999,772	362,648,813	42.97%
Total	**1,122,790,743**	**270,431,313**		**1,281,081,246**	**386,878,459**	

27 Financial instruments (continued)

The movement in the loss allowance during the year was as follows:

	As at 31 March 2022 AED	As at 31 March 2021 AED
Opening balance	386,878,459	300,174,565
Impairment loss for the year	104,389,551	124,925,328
Allowance adjusted against trade receivables	(220,836,697)	(38,221,434)
Closing balance	**270,431,313**	**386,878,459**

(d) Liquidity risk

The following are the contractual maturities of financial liabilities :

In AED

Financial liabilities	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
31 March 2022					
Trade and other payables	980,208,008	980,208,008	980,208,008	-	-
Lease liabilities	1,008,195,725	1,008,195,725	94,180,256	343,033,675	1,147,415,540
Bank borrowings	855,810,000	855,810,000	272,752,938	559,057,062	24,000,000
Derivative finanicial instruments	1,183,808	1,183,808	1,183,808	-	-
Due to related parties	27,305,734	27,305,734	27,305,734	-	-
Total	**2,872,703,275**	**2,872,703,275**	**1,375,630,744**	**902,090,737**	**1,171,415,540**
31 March 2021					
Trade and other payables	948,987,010	948,987,010	948,987,010	-	-
Lease liabilities	1,008,504,606	1,008,504,606	93,773,298	372,577,056	1,310,339,163
Bank borrowings	953,433,461	953,433,461	224,208,417	610,379,575	118,845,469
Derivative finanicial instruments	15,013,649	15,013,649	15,013,649	-	-
Due to related parties	27,912,677	27,912,677	27,912,677	-	-
Total	**2,953,851,403**	**2,953,851,403**	**1,309,895,051**	**982,956,631**	**1,429,184,632**

(e) Currency risk

The currency risk faced by the Group is minimal as the Group is not exposed to significant foreign currency exposure and most of the currencies the Group deals in are pegged to the US Dollar. Also refer note 3.1 (vi)

(f) Interest rate risk

The Group adopts a policy of ensuring that some of its interest rate risk exposure is at a fixed rate. This is achieved partly by using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Financial liabilities	Rate of Interest	As at 31 March 2022 AED	As at 31 March 2021 AED
Fixed rate instrument (bank borrowings)	2.90 % - 7.50 %	-	63,526,266
Variable rate instrument (bank borrowings)	2.35 % - 7.00 %	855,810,000	889,907,195
Total		**855,810,000**	**953,433,461**

27 Financial instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed-rate financial liabilities at FVTPL. Therefore, a change in interest rate at the reporting date would not affect the consolidated profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (BP) in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Effect in AED	
	Profit or loss / Equity	
	100 BP increase	100 BP decrease
31 March 2022		
Variable rate instruments	**8,558,100**	**(8,558,100)**
31 March 2021		
Variable rate instruments	8,899,072	(8,899,072)

(g) Derivative financial instruments

The table below shows the fair values of derivative financial instrument, which is equivalent to the market value, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amount indicates the volume of transactions outstanding at the reporting date and are neither indicative of the market risk nor credit risk.

	2022		2021	
	Fair value AED	Notional amount AED	Fair value AED	Notional amount AED
Interest rate swap	**(1,183,808)**	**(227,695,061)**	**(15,013,649)**	**(412,411,823)**

The long-term loan agreement of the Group carries interest at 1 month LIBOR plus applicable margins. The Group has entered into separate interest rate swap agreements ("IRS"), whereby, the Group has agreed to pay the bank a fixed interest in the range of 1.73-2.44% and receive LIBOR, based on the notional amounts as agreed in the IRS agreement. The Group has recognised the difference in fair value of interest rate swap amounting to AED 13,829,841 as unrealised gain during FY 2022 and AED 8,110,357 as unrealised gain during FY 2021 on derivative financial instrument in these consolidated financial statements.

(h) Capital risk management

The capital is being managed by the Group in such a way that it is able to continue as a going concern while maximizing returns to investor. The Group's overall strategy remains unchanged from previous year.

The capital structure of the Group consists of debt, which includes borrowings (Refer note 21), cash and cash equivalents and equity of attributable to the shareholders of the Company; comprising of issued capital, reserves, retained earnings and funds from shareholders as disclosed in the statement of changes in equity.

	As at 31 March 2022	As at 31 March 2021
Total borrowings	855,810,000	953,433,461
Less : Cash and cash equivalents	(105,375,115)	(84,864,802)
Net Debt	**750,434,885**	**868,568,659**
Total Equity	**1,229,930,861**	**1,013,296,004**

28 Leases

The Group has obtained hospital, clinics and pharmacies premises on lease from various lessors from where healthcare, clinical and management services are rendered. The leases typically run for a period of 2 - 30 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

(i) Right-of-use assets related to lease properties

	31 March 2022	**31 March 2021**
Balance as at beginning of the year	888,224,152	999,983,733
Addition	88,783,363	49,042,071
Disposals/ transfers/ alteration	-	(46,341,263)
Depreciation for the year	(104,430,744)	(102,841,365)
Transfer to capital work in progress	(9,803,191)	(11,619,024)
Balance at end of the year	**862,773,580**	**888,224,152**

(ii) Lease liabilities

Particulars	**31 March 2022**	**31 March 2021**
Balance as at beginning of the year	1,008,504,606	1,088,120,998
Additions	88,783,363	48,517,150
Finance costs for the year	43,906,811	48,478,812
Finance cost transferred to capital-work-in-progress	14,391,141	5,422,005
Disposals/ transfers/ alteration	-	(49,460,259)
Payment of lease liabilities	(147,390,196)	(132,574,100)
Balance at end of the year	**1,008,195,725**	**1,008,504,606**
Non-current lease liabilities	914,015,469	914,731,308
Current lease liabilities	94,180,256	93,773,298

(iii) Amounts recognised in the consolidated statement of profit or loss

	Year ended 31 March 2022	**Year ended 31 March 2021**
Interest on lease liabilities	43,906,811	48,478,812
Depreciation on right-of-use assets	104,430,744	102,841,365

(iv) Amounts recognised in the consolidated statement of cash flows

	Year ended 31 March 2022	**Year ended 31 March 2021**
Principal payment	89,092,244	78,673,283
Add: Finance cost paid	58,297,952	53,900,817
Total cash outflow for leases	**147,390,196**	**132,574,100**

29 Non-controlling interests ("NCI")

The following table summarises the information relating to Group's subsidiaries with significant NCI:

Medcare Hospital LLC

	31 March 2022 **AED**
NCI percentage (2022)	**15%**
31 March 2022	
Statement of financial position	
Non-current assets	500,808,513
Current assets	865,187,665
Non-current liabilities	(369,812,884)
Current liabilities	(327,696,166)
Net assets (100%)	668,487,128
Carrying amount of NCI	100,273,069
Income statement :	
Revenue	963,293,261
Profit	108,201,346
Total comprehensive income	108,201,346
Profit allocated to NCI	16,230,202

	31 March 2021 **AED**
NCI percentage (2021)	**15%**
31 March 2021	
Statement of financial position	
Non-current assets	905,718,096
Current assets	359,952,717
Non-current liabilities	(387,133,818)
Current liabilities	(283,251,213)
Net assets (100%)	595,285,782
Carrying amount of NCI	89,292,867
Income statement :	
Revenue	890,490,947
Profit	84,505,191
Total comprehensive income	84,505,191
Profit allocated to NCI	12,675,779

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2022

30 List of subsidiaries and associates

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Sl No	Entity name	Country of incorporation	31 March 2022	31 March 2021
			Effective holding	Effective holding
1	Aster Caribbean Holdings Limited (15 December 2020)	Cayman Island	100%	100%
2	Aster Cayman Hospital Limited (15 December 2020)	Cayman Island	100%	100%
3	Aster DM Healthcare FZC	UAE	100%	100%
4	Aster Hospital Sonapur L.L.C	UAE	90%	90%
5	Radiant Healthcare L.L.C	UAE	76%	76%
6	Aster Day Surgery Centre LLC	UAE	82%	82%
7	DM Healthcare (L L C)	UAE	100%	100%
8	Wahat Al Aman Home Health Care L.L.C.	UAE	100%	100%
9	Aster Grace Nursing and Physiotherapy LLC	UAE	60%	60%
10	Aster Pharmacies Group LLC	UAE	100%	100%
11	New Aster Pharmacy DMCC	UAE	100%	100%
12	Medshop Garden Pharmacy LLC ***	UAE	NA	100%
13	Aster DCC Pharmacy LLC	UAE	100%	70%
14	Aster Al Shafar Pharmacies Group LLC	UAE	51%	51%
15	Rafa Pharmacy LLC	UAE	100%	100%
16	Aster Pharmacy LLC, AUH	UAE	100%	100%
17	Med Shop Drugs Store LLC	UAE	100%	100%
18	Alfa Drug Store LLC	UAE	100%	100%
19	Alfa One Drug Store LLC (1 June 2020)	UAE	100%	100%
20	Alfaone FZ-LLC	UAE	100%	100%
21	DM Pharmacies LLC **	UAE	100%	100%
22	Aster Opticals LLC	UAE	60%	60%
23	Medcare Hospital (L.L.C)	UAE	85%	85%
24	Premium Healthcare Limited	UAE	80%	80%
25	Dr. Moopens Healthcare Management Services LLC	UAE	100%	100%
26	Eurohealth Systems FZ LLC	UAE	100%	100%
27	Al Rafa Investments Limited	UAE	100%	100%
28	Al Rafa Holdings Limited	UAE	100%	100%
29	Al Rafa Medical Centre LLC	UAE	51%	51%
30	Dar Al Shifa Medical Centre LLC	UAE	51%	51%
31	Aster Primary Care LLC	UAE	71%	71%
32	Modern Dar Al Shifa Pharmacy LLC	UAE	51%	51%
33	Harley Street LLC	UAE	60%	60%
34	Harley Street Pharmacy LLC	UAE	60%	60%
35	Harley Street Medical Centre LLC	UAE	60%	60%
36	Harley Street Dental LLC	UAE	38%	38%
37	Grand Optics LLC	UAE	85%	85%
38	Noor Al Shefa Clinic LLC***	UAE	NA	70%
39	Zahrat Al Shefa Medical Center L.L.C	UAE	70%	70%
40	Zahrath Al Shefa Pharmacy LLC ***	UAE	NA	70%
41	Samary Pharmacy LLC	UAE	70%	70%
42	Metro Meds Pharmacy L.L.C	UAE	66%	66%
43	Metro Medical Center L.L.C	UAE	66%	66%
44	Symphony Healthcare Management Services LLC	UAE	100%	100%
45	Al Raffah Hospital LLC	Oman	100%	100%

30 List of subsidiaries and associates (continued)

Sl No	Entity	Country of incorporation	31 March 2022	31 March 2021
			Effective holding	Effective holding
46	Al Raffah Pharmacies Group LLC	Oman	100%	100%
47	Oman Al Khair Hospital L.L.C	Oman	60%	60%
48	Sanad Al Rahma for Medical Care LLC	Kingdom of Saudi Arabia	100%	100%
49	Aster DM Healthcare WLL (earlier Aster DM Healthcare SPC)	Bahrain	100%	100%
50	Orange Pharmacies LLC	Jordan	51%	51%
51	Al Shafar Pharmacy LLC, AUH **	UAE	51%	51%
52	Aster DM Healthcare INC **	Philippines	90%	90%
53	Aster Medical Centre LLC**	UAE	90%	90%
54	Aster Kuwait Pharmaceuticals and Medical Equipment Company W.L.L **	Kuwait	54%	54%

Associates

Sl No	Entity	Country of incorporation	% equity interest	
			31 March 2022	31 March 2021
			Beneficial	Beneficial
1	Aries Holdings FZC	UAE	25%	25%
2	AAQ Healthcare Investments LLC	UAE	33%	33%
3	Aries Investments LLC #	UAE	25%	25%
4	Al Mutamaizah Medcare Healthcare Investment Company LLC	UAE	49%	49%

Aries Holding Limited is a subsidairy of Aries Investment LLC

* 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 has the power to appoint majority of the Board of Directors of those entities as to obtain substantially all the returns related to their operations and net assets and has the ability to direct that activities that most significantly affect these returns. Consequently, all the entities listed above have been consolidated for the purposes of the preparation of this consolidated financial information.

** represents subsidiaries which are in the process of being wound-up.
*** represents subsidiaries which were converted as branches during the current year.

31 Non-cash transactions

Particulars	31 March 2022 AED	31 March 2021 AED
Dividend adjusted against due from related parties	5,000,000	-