Aster DM Healthcare FZC
and its subsidiaries

Report and consolidated financial statements
For the year ended 31 March 2023

Aster DM Healthcare FZC and its subsidiaries

Reports and consolidated financial statements
For the year ended 31 March 2023

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Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of financial position
as at 31 March 2023

	Note	31 March 2023 AED	31 March 2022 AED
Non-current assets			
Property, plant and equipment	*13*	1,200,567,240	1,104,865,126
Intangible assets	*14*	426,216,033	391,259,117
Right-of-use assets	*29*	1,039,014,710	862,773,580
Trade and other receivables - non-current portion	*16*	4,662,317	6,306,486
Equity accounted investees	*18*	59,122,993	39,524,506
Other financial assets	*26*	4,328,670	12,348,781
Deferred tax asset	*20*	4,727,821	5,747,840
		2,738,639,784	**2,422,825,436**
Current assets			
Inventories	*15*	531,540,298	453,845,570
Trade and other receivables	*16*	1,173,713,861	1,112,547,022
Derivative financial instruments		5,388,052	-
Due from related parties	*25*	189,487,540	207,953,791
Cash and cash equivalents	*17*	120,568,838	93,026,334
		2,020,698,589	**1,867,372,717**
Current liabilities			
Trade and other payables	*19*	1,235,523,573	980,208,008
Due to related parties	*25*	35,528,205	27,305,734
Lease liabilities	*29*	96,642,783	94,180,256
Current tax liabilities	*20*	8,782,906	5,814,960
Bank borrowings	*21*	329,988,737	272,752,938
		1,706,466,204	**1,380,261,896**
Net current assets		**314,232,385**	**487,110,821**
Non-current liabilities			
Bank borrowings	*21*	425,772,999	583,057,062
Lease liabilities	*29*	1,100,761,418	914,015,469
Derivative financial instruments	*28*	-	1,183,808
Provision for employees' end of services benefits	*22*	189,720,555	181,749,057
		1,716,254,972	**1,680,005,396**
Net assets		**1,336,617,197**	**1,229,930,861**
Represented by:			
Share capital	*23*	1,024,191,000	1,024,191,000
Legal reserve	*24*	53,741,324	53,201,894
Retained earnings		142,595,275	41,124,405
Other components of equity		13,611,709	(1,039,603)
Equity attributable to owners of the Company		**1,234,139,308**	**1,117,477,696**
Non-controlling interests (NCI)		102,477,889	112,453,165
Total equity		**1,336,617,197**	**1,229,930,861**

The notes on pages 8 to 46 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 2023.

These consolidated financial statements were approved on behalf of the Board of Directors on __________________ and signed on its behalf by:

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 2023

	Note	**31 March 2023 AED**	**31 March 2022 AED**
Revenue from contracts with customers	*8 (a)*	**3,909,079,143**	3,680,618,394
Other income	*8 (b)*	**11,206,353**	11,261,979
		3,920,285,496	3,691,880,373
Staff salaries and benefits		**(1,651,415,329)**	(1,481,347,391)
Material cost	*9*	**(1,207,336,862)**	(1,026,400,853)
Pre-operative expenses written-off		**(2,953,453)**	(4,037,816)
Loss allowance on trade receivables	*28 (c)*	**(72,774,035)**	(104,389,551)
Lab outsourcing charges		**(27,076,659)**	(119,594,875)
Other costs	*10*	**(455,538,749)**	(411,575,492)
Unrealised gain on derivative financial instruments	*28 (g)*	**6,571,860**	13,829,841
Share of profit from equity-accounted investees - net	*18*	**3,674,277**	1,980,117
Depreciation, amortization and impairment of tangible and intangible assets	*11*	**(251,430,029)**	(214,755,113)
Finance costs	*12*	**(127,972,440)**	(107,442,603)
Profit before zakat and income tax		**134,034,077**	**238,146,637**
Zakat and income tax	*20*	**(9,335,784)**	(5,136,205)
Profit for the year		**124,698,293**	**233,010,432**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability, net of tax	*22*	**16,307,843**	19,629,116
Total comprehensive income for the year		**141,006,136**	**252,639,548**
Profit attributable to:			
Owners of the Company		**111,826,649**	215,130,284
Non-controlling interests (NCI)		**12,871,644**	17,880,148
		124,698,293	**233,010,432**
Total comprehensive income attributable to:			
Owners of the Company		**126,477,961**	233,256,067
Non-controlling interests (NCI)		**14,528,175**	19,383,481
Total comprehensive income for the year		**141,006,136**	**252,639,548**

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 2023.

The notes on pages 8 to 46 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 2023

	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 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**
At 1 April 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
Profit for the year	-	-	111,826,649	-	111,826,649	12,871,644	124,698,293
Other comprehensive income							
Remeasurement of net defined benefit liability	-	-	-	14,651,312	14,651,312	1,656,531	16,307,843
Transfer to legal reserve	-	539,430	(539,430)	-	-	-	-
Transactions with Owners, recorded directly in equity							
Dividend to NCI	-	-	-	-	-	(11,069,800)	(11,069,800)
Change in ownership interests in subsidiaries without loss of control							
Acquisition of NCI##	-	-	(9,816,349)	-	(9,816,349)	(13,433,651)	(23,250,000)
At 31 March 2023	**1,024,191,000**	**53,741,324**	**142,595,275**	**13,611,709**	**1,234,139,308**	**102,477,889**	**1,336,617,197**

The notes on pages 8 to 46 form part of these consolidated financial statements.

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

$ A dividend of AED 27.34 per share amounting to AED 28,000,000 was approved by the shareholders of the parent company during the previous year

Acquisition of NCI represents decrease in NCI on account of additional shares acquired in one of the subsidiaries during the year and conversion of three subsidiaries during 2022 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 2023

	31 March 2023 AED	31 March 2022 AED
Cash flows from operating activities		
Profit before zakat and income tax	**134,034,077**	238,146,637
Adjustments for:		
Depreciation, amortization and impairment of tangible and intangible assets (Refer note 11)	**251,430,029**	214,755,113
Loss allowance on trade receivables (Refer note 28)	**72,774,035**	104,389,551
Provision for net defined benefit liability (Refer note 22)	**44,710,583**	38,682,397
Unrealised gain on derivative financial instruments	**(6,571,860)**	(13,829,841)
Share of profit from equity-accounted investees (Refer note 18)	**(3,674,277)**	(1,980,117)
Loss on disposal of property, plant and equipment	**20,000**	464,693
Finance costs (Refer note 12)	**104,844,948**	86,999,997
Operating cash flows before movements in working capital	**597,567,535**	667,628,431
Changes in:		
Increase in inventories	**(77,694,728)**	(69,022,639)
Increase in trade and other receivables	**(137,849,970)**	(146,773,184)
Decrease in due from related parties	**18,466,251**	14,087,543
Increase in trade and other payables	**260,529,429**	53,126,496
Increase/(decrease) in due to related parties	**8,222,471**	(606,943)
Cash generated from operating activities	**669,240,988**	**518,439,704**
Payment of net defined liability	**(20,431,242)**	(25,039,526)
Zakat and income tax paid	**(5,347,819)**	(4,041,332)
Net cash generated from operating activities	**643,461,927**	**489,358,846**
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	**(198,346,889)**	(150,594,145)
Purchase of intangible assets	**(57,545,204)**	(21,592,631)
Acquisition of non-controlling interest	**(23,250,000)**	(825,000)
Investment in equity accounted investees	**(16,463,591)**	-
Dividend received from associates	**2,925,000**	1,503,750
Proceeds from sale of property, plant and equipment	**183,783**	8,417,246
Net cash used in investing activities	**(292,496,901)**	**(163,090,780)**
Cash flows from financing activities		
Term loan availed	**150,939,326**	14,328,479
Term loan repayment	**(254,376,255)**	(147,771,791)
Other borrowings availed (net)	**3,388,665**	35,819,851
Finance charges paid	**(48,994,614)**	(43,093,186)
Lease payments	**(163,309,844)**	(147,390,196)
Dividend paid to NCI by subsidiaries	**(11,069,800)**	(6,999,691)
Dividend paid to the Parent Company	**-**	(23,000,000)
Net cash used in financing activities	**(323,422,522)**	**(318,106,534)**
Net increase in cash and cash equivalents	**27,542,504**	8,161,532
Cash and cash equivalents at the beginning of the year	**93,026,334**	84,864,802
Cash and cash equivalents at end of the year (Refer note 17)	**120,568,838**	**93,026,334**

Refer note 32 for the summary of non-cash transactions

The notes on pages 8 to 46 form part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 March 2023

1. Legal status and principal activities

Aster DM Healthcare FZC (“Company” or “Holding Company”) with License No 3204 is domiciled in Sharjah, United Arab Emirates (‘UAE’). The Company’s registered office is at P2-ELOB Office No E2-103F-41, Hamriyah Free Zone, Sharjah, UAE. The consolidated financial statements for the year ended 31 March 2023 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 31 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 Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 April 2022.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2022, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS

Amendments to IFRS 17 *Insurance contracts*

Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2

Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2022.

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 16 *Leases*	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements*	1 January 2024
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 an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

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

2.1 Impact of the initial application of other new and amended IFRS Standards that are effective for the current year (continued)

The Group 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 Group in the period of initial application.

3. Acquisitions of hospitals, clinics and pharmacies

a. Acquisition of Non-Controlling Interest (NCI) – Medcare Hospital LLC ("Entity")

During year ended 31 March 2023, the Group acquired balance additional 2% interest in Medcare Hospital LLC for a consideration of AED 23,250,000 thereby increasing the Group's holding from 85% as at 31 March 2022 to 87% as at 31 March 2023. Accordingly, the Group has recognised decrease in NCI of AED 13,433,651 and corresponding decrease in retained earnings of AED 9,816,349.

b. 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.

4. Basis of preparation

4.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") 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 28 provides quantitative details of the Group's exposure to credit risk, liquidity risk and interest rate risk from financial instruments.

4. Basis of preparation (continued)

4.4 Funding and liquidity (continued)

The Board of Directors remain satisfied with the Group's funding and liquidity position. At 31 March 2023, the Group has a net debt of AED 630,864,228 *(2022: AED 750,434,885)*. Refer note 28(h). The Group is in compliance with the financial covenants as at 31 March 2023.

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.

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.

5. Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

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 31. 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.

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'.

5. Significant accounting policies (continued)

5.1 Basis of consolidation (continued)

Associates **(continued)**

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.

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.

5. Significant accounting policies (continued)

5.2 Revenue (continued)

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.

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.

5. Significant accounting policies (continued)

5.2 Revenue (continued)

(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 costs

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.

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.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2023

5. Significant accounting policies (continued)

5.4 Leases (continued)

(i) Group as a lessee (continued)

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.

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. Significant accounting policies (continued)

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.

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
Office premises, leasehold improvements & interior decoration	5-20
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.

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.

ii. Defined benefit plans

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.

5. Significant accounting policies (continued)

5.10 Employee benefits (continued)

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.

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, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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 give rise on specified dates that are solely payments of principal and profit 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. This includes all derivative financial assets. 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.

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 calculated using 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.

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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.

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 which case, a new financial liability based on the modified terms is recognised at fair value. The difference on derecognition of a financial liability, 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.

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

iv. Offsetting (continued)

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 to claims rejection analysis, that represents its estimate of expected credit losses in respect of trade and other receivables based on past and recent collection trend.
The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in 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).

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

5. Significant accounting policies (continued)

5.11 Financial instruments (continued)

iv. Offsetting (continued)

Impairment(continued)

i. Non-derivative financial assets

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 consolidated 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.

Impairment

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. Significant accounting policies (continued)

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.

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.

Kingdom of Saudi Arabia

Zakat is calculated at 2.5% of higher of the estimated zakat base attributable to Saudi shareholder or adjusted net income. The Company's subsidiary has submitted its zakat and income tax returns up to years ended 31 March 2023, settled zakat and income tax as per the returns and obtained the required certificates and official receipts.

Oman

The entities are subject to income tax at the rate of 15% of taxable profit.

5. Significant accounting policies (continued)

5.15 Income tax and zakat (continued)

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.

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.

6. Accounting estimates and judgments (continued)

b) Impairment losses on inventories (continued)

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.

c) Goodwill impairment

Key assumptions used in value in calculations

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.

6. Accounting estimates and judgments (continued)

e) Amortisation of Intangible assets (continued)

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.

f) Judgements in determining the timing of satisfaction of performance obligations

The Group generally recognizes revenue at a point in time as it renders services to the customers. Because customers simultaneously receive and consume the benefits provided at a point in time, revenue is also recognized based on the extent of transfer/completion of transfer of each performance obligation.

g) Variable consideration

The Group's ability to recover the patient's fees from the insurance companies can vary because of insurance claims' rejections, denials or other similar items. Management measures the amount of variable consideration based on the historical rejection rate of the Group.

h) 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.

i) 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.

6. Accounting estimates and judgments (continued)

i) Estimation of the defined benefit plan (continued)

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).

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.

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).

7. Financial risk management (continued)

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 28 (e).

Equity risk

The Group does not have any exposure to equity risk.

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 28 (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 28 (h).

		Year ended 31 March 2023 AED	Year ended 31 March 2022 AED
8 (a)	**Revenue from contracts with customers**		
	Hospitals and clinics	2,709,026,326	2,706,923,720
	Pharmacies	1,198,852,751	971,945,865
	Other operating income	1,200,066	1,748,809
		3,909,079,143	**3,680,618,394**

Revenue is recognised at a point in time.

		Year ended 31 March 2023 AED	Year ended 31 March 2022 AED
8 (b)	**Other income**		
	Income from training	-	91,104
	Other miscellaneous income	11,206,353	11,170,875
		11,206,353	**11,261,979**

During the year ended 31 March 2016, the Group had acquired a portion of the non-controlling interest in its controlled subsidiary Sanad Al Rahma for Medical Care LLC, KSA ('Sanad'). The purchase consideration included a contingent consideration payable to the sellers based on future performance of Sanad. The Group carried a liability of AED 154,346,793 as at 31 March 2016 relating to the contingent consideration. Based on the expected performance of Sanad, an independent valuation of the contingent consideration revised the expected liability to AED 10,995,000 as at 31 March 2018 (2017: AED 36,720,000). The revision of the expected liability resulted in a gain of AED 25,725,000 during the year ended 31 March 2018, which had been recognized in the consolidated statement of profit or loss for the year ended 31 March 2018. During the current year based on an assessment made by management the balance liability of AED 10,995,000 was written back resulting in a gain of AED 10,995,000 which was recorded under other miscellaneous income.

		Year ended 31 March 2023 AED	Year ended 31 March 2022 AED
9	**Material cost**		
	Cost of materials sold	930,433,093	859,927,848
	Materials consumed at clinics and hospitals	276,903,769	166,473,005
		1,207,336,862	**1,026,400,853**
10	**Other costs**		
	Rent	42,098,225	40,212,811
	Advertisement and sales promotion	55,046,975	42,910,181
	Water and electricity	37,097,103	32,242,489
	Legal & professional fees	41,449,246	24,205,617
	License and visa fees	19,649,657	29,770,523
	Repairs and maintenance	54,423,689	45,320,969
	Security, house keeping and outsourced labour charges	45,858,781	47,356,128
	Communication	19,778,547	19,019,773
	Printing and stationary	5,201,647	6,557,602
	Travelling & conveyance	19,255,234	14,363,148
	Insurance	10,865,926	9,557,658
	Food and refreshment	11,603,152	8,938,967
	Equity settled staff incentives	329,071	400,000
	Others	92,881,494	90,719,626
		455,538,749	**411,575,492**
11	**Depreciation, amortization and impairment of tangible and intangible assets**		
	Depreciation on property, plant and equipment (Refer note 13)	106,167,877	93,200,068
	Amortisation of intangible assets (Refer note 14)	22,588,288	17,124,301
	Depreciation on right of use assets (Refer note 29)	122,673,864	104,430,744
		251,430,029	**214,755,113**
12	**Finance costs**		
	Interest on bank borrowings	48,994,614	43,093,186
	Interest on lease liabilities (Refer note 29)	55,850,334	43,906,811
	Bank charges	23,127,492	20,442,606
		127,972,440	**107,442,603**

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 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	86,502,932	6,893,272	25,078,873	7,906,150	4,023,769	1,502,420	110,399,704	243,243,592
Disposals / transfers	-	(8,249,257)	(11,615,506)	(989,201)	(1,574,944)	(817,078)	(894,486)	(1,694,237)	(91,864,363)	(117,699,072)
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
Balance at 1 April 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
Additions / transfers	-	813,089	482,915,184	7,228,189	86,532,090	12,877,297	9,847,612	4,837,004	77,615,038	682,665,503
Reclassification/Transfer to Intangible Assets (Refer note 14)	-	-	307,110	(64,032)	(2,871,195)	2,592,918	18,348	16,851	(9,753,395)	(9,753,395)
Disposals / transfers	-	(2,172,981)	(2,088,363)	(8,111,849)	(33,719,673)	(5,693,535)	(57,432)	(295,222)	(470,838,334)	(522,977,389)
Balance at 31 March 2023	**10,171,517**	**69,876,822**	**1,065,489,908**	**155,933,481**	**552,297,623**	**63,939,224**	**92,063,276**	**26,988,187**	**64,599,820**	**2,101,359,858**
Accumulated depreciation										
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 / transfers	-	(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
Balance at 1 April 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
Charge for the year (Refer note 11)		6,531,713	49,203,338	6,531,956	29,748,122	6,682,573	4,245,396	3,224,779	-	106,167,877
Reclassifications	-	-	3,850,458	(175,830)	(2,749,972)	(964,679)	21,638	18,385	-	-
Eliminated on disposal / transfers	-	(2,172,981)	(1,952,272)	(8,111,849)	(33,712,852)	(5,693,535)	(57,432)	(234,351)	-	(51,935,272)
Balance at 31 March 2023	**-**	**30,521,533**	**288,688,235**	**140,081,769**	**309,276,255**	**47,837,540**	**62,214,921**	**22,172,365**	**-**	**900,792,618**
Carrying amount										
31 March 2023	**10,171,517**	**39,355,289**	**776,801,673**	**15,851,712**	**243,021,368**	**16,101,684**	**29,848,355**	**4,815,822**	**64,599,820**	**1,200,567,240**
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**

__Notes__

a) Capital work in progress as at 31 March 2023 represents:
i) Expenditure towards construction and improvement of hospitals and clinics amounting to AED 4.08 million (2022: AED 234.91 million) in the UAE, Nil (2022: AED 178.78 million) in Oman and AED 48.27 million (2022: AED 30.41 million) in the Kingdom of Saudi Arabia;
ii) Expenditure towards construction and improvement of hospitals and clinics of Medcare Hospital LLC amounting to AED 1.41 million (2022: AED 16.26 million);
iii) Expenditure towards setting up of Pharmacies in the UAE amounting to AED 10.84 million (2022: AED 7.22 million);
b) Property, plant and equipment is mortgaged / hypothecated to banks as security towards bank borrowings (refer Note 21 (a))

14 Intangible assets

Amounts in AED

	Goodwill	Intangible assets	Intangible assets under development	Total
Cost				
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 at 31 March 2022	312,714,355	152,132,137	-	464,846,492
Balance at 1 April 2022	312,714,355	152,132,137	-	464,846,492
Additions during the year	-	46,916,255	20,669,996	67,586,251
Reclassifications during the year (Refer note 13)	-	-	9,753,395	9,753,395
Transfer			(19,794,442)	(19,794,442)
Balance as at 31 March 2023	**312,714,355**	**199,048,392**	**10,628,949**	**522,391,696**
Accumulated amortisation and impairment losses				
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 at 31 March 2022	5,421,251	68,166,124	-	73,587,375
Balance at 1 April 2022	5,421,251	68,166,124	-	73,587,375
Amortization for the year (Refer note 11)	-	22,588,288	-	22,588,288
Balance as at 31 March 2023	**5,421,251**	**90,754,412**	**-**	**96,175,663**
Carrying amount				
31 March 2023	**307,293,104**	**108,293,980**	**10,628,949**	**426,216,033**
31 March 2022	**307,293,104**	**83,966,013**	**-**	**391,259,117**

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

	As at 31 March 2023 AED	As at 31 March 2022 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 amounts 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 2023**	**As at 31 March 2022**
Discount rate	11.9% - 22.2%	10.0% - 17.0%
Terminal value growth rate	3.0% - 5.0%	2.0% - 5.0%
Weighted average cost of capital (WACC) before tax - equity	15.9% - 31.8%	9.0% - 15.0%
Weighted average cost of capital (WACC) before tax - debt	4.4% - 5.5%	0.8% - 1.5%

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

Sensitivity to changes in assumptions

The assessment has indicated that no impairment is required since the recoverable amount is higher than the carrying value of the investment in the cash generating unit. Changes that could reasonably be expected in the underlying parameters for calculating the recoverable amount at year-end, such as decrease in terminal growth rate by 0.5% and increase in discount rate by 2% also do not give rise to an impairment.

		As at 31 March 2023 AED	As at 31 March 2022 AED
15	**Inventories**		
	Pharmacies	435,015,456	373,192,875
	Clinics	10,401,098	11,069,246
	Consumables	89,643,904	74,149,917
		535,060,458	458,412,038
	Allowance for slow moving inventories	(3,520,160)	(4,566,468)
		531,540,298	**453,845,570**

		As at 31 March 2023 AED	As at 31 March 2022 AED
16	**Trade and other receivables**		
	Trade receivables	1,195,147,287	1,122,790,743
	Less : Loss allowance	(326,283,196)	(270,431,313)
		868,864,091	852,359,430
	Unbilled revenue	9,873,741	10,878,691
	Prepayments	56,499,698	47,628,239
	Long-term portion of prepayments	4,662,317	6,306,486
	Other receivables	238,476,331	201,680,662
		1,178,376,178	**1,118,853,508**
	Non-current portion	4,662,317	6,306,486
	Current portion	1,173,713,861	1,112,547,022
		1,178,376,178	**1,118,853,508**

The Group's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 28(c). Average credit days is in the range of 80-120 days.(2022 : 80-120 days) Top 10 customers contribute to 60% to 70% (2022 : 60% to 70%) of total receivables. Trade receivables are mortgaged to Banks as security towards Bank borrowing (Refer note 21 (a)).

		As at 31 March 2023 AED	As at 31 March 2022 AED
17	**Cash and Cash Equivalents**		
	Cash in hand	7,024,657	7,311,364
	Bank balances	113,544,181	85,714,970
		120,568,838	**93,026,334**

Balances with banks are assessed to have low credit risk of default since these banks are 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 2023 AED	As at 31 March 2022 AED
18	**Equity accounted investees**		
	Investments in associates	59,122,993	39,524,506
		59,122,993	**39,524,506**

	As at 31 March 2023 AED	As at 31 March 2022 AED
Opening balance	39,524,506	37,948,139
Investment during the year	16,463,591	-
Share of profit for the year	3,674,277	1,980,117
Accounted against the receivables	2,385,619	1,100,000
Dividend declared during the year	(2,925,000)	(1,503,750)
Balance at the end of the year	**59,122,993**	**39,524,506**

18 Equity accounted investees (continued)

Investments in associates (continued)

The following table summarises the financial information of the associates:

	As at 31 March 2023 AED	**As at 31 March 2022 AED**
(i) Aries Holdings FZC	25%	25%
Non-current assets	89,024,088	90,779,682
Non-current liabilities	(31,250,000)	(37,500,000)
Current assets	50,847,672	51,271,853
Current liabilities	(29,101,744)	(29,030,664)
Net assets (100%)	79,520,016	75,520,871
Group's share of net assets (25%)	19,880,004	18,880,218
Add: shareholder's contribution towards additional capital	9,250,000	9,250,000
Carrying amount of interest in associate (A)	**29,130,004**	**28,130,218**
Revenue	12,007,761	12,038,219
Total comprehensive income (100%)	8,019,145	8,704,976
Group's share of profit for the year and total comprehensive income (25%)	**2,004,786**	**2,176,244**
Opening balance	27,136,827	26,464,333
Share of profit for the year	2,004,786	2,176,244
Dividend declared during the year	(1,005,000)	(1,503,750)
Balance at the end of the year	**28,136,613**	**27,136,827**

The Group has 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 2023 is AED 28,136,613 (2022: AED 27,136,827). The Group's share of profit for the year ended 31 March 2023 is AED 2,004,786 (2022: AED 2,176,244).

(ii) Skin III	52%	
Non-current assets	3,359,874	-
Non-current liabilities	(295,226)	-
Current assets	6,159,732	-
Current liabilities	(783,305)	-
Net assets (100%)	8,441,075	-
Group's share of net assets (52%)	4,406,241	-
Carrying amount of interest in associate (A)	**4,406,241**	-
Revenue	16,270,948	-
Total comprehensive income (100%)	4,718,263	-
Group's share of profit for the year and total comprehensive income (52%)	**2,462,933**	-
Opening balance	-	-
Investment made during the year	16,463,591	-
Share of profit for the period	2,830,958	-
Dividend declared during the period	(1,920,000)	-
Balance at the end of the year	**17,374,549**	-

The Group has a 60% interest in Skin III Ltd, an entity which is not listed on any public exchange, effective from September 2022. The carrying value of the investment as at 31 March 2023 is AED 17,194,814 (2022 AED Nil). The Group's share of profit for the year ended 31 March 2023 is AED 2,462,933 (2022: AED Nil).

18 Equity accounted investees (continued)

Investments in associates (continued)

	As at 31 March 2023 AED	As at 31 March 2022 AED
(iii) AAQ Healthcare Investments LLC	33%	33%
Non-current assets	57,497,945	60,500,000
Non-current liabilities	(13,943,967)	(20,427,651)
Current assets	5,895,196	5,532,898
Current liabilities	(37,649,551)	(37,515,176)
Net assets (100%)	11,799,623	8,090,071
Group's share of net assets (33%)	3,893,876	2,669,723
Add: shareholder's contribution towards additional capital	9,901,000	9,901,000
Carrying amount of interest in associate (B)	**13,794,876**	**12,570,723**
Revenue	8,125,000	7,500,000
Total comprehensive income (100%)	3,709,553	2,739,009
Group's share of profit for the year and total comprehensive income (33%)	**1,224,152**	**903,873**
Opening balance	12,387,679	11,483,806
Share of profit for the year	1,224,152	903,873
Balance at the end of the year	**13,611,831**	**12,387,679**

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 2023 is AED 13,611,831 (2022: AED 12,387,679). The Group's share of profit for the year ended 31 March 2023 is AED 1,224,152 (2022 : AED 903,873).

	As at 31 March 2023 AED	As at 31 March 2022 AED
(iv) Al Mutamaiz Medcare Healthcare Investment Co. L.L.C	49%	49%
Non-current assets	11,873,660	13,625,348
Non-current liabilities	(14,191,144)	(14,388,073)
Current assets	8,558,358	8,264,313
Current liabilities	(25,752,081)	(22,144,184)
Net assets (100%)	(19,511,207)	(14,642,596)
Group's share of net assets (49%)	-	-
Add: Advance against investments	-	-
Carrying amount of interest in associate (B)	**-**	**-**
Revenue	9,182,666	10,698,873
Total comprehensive loss (100%)	(4,868,611)	(2,244,898)
Group's share of loss for the year and total comprehensive income (49%)	**(2,385,619)**	**(1,100,000)**

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 2023 is Nil (2022: AED Nil). The Group's share of loss for the year ended 31 March 2023 is AED Nil (2022: AED 1,100,000) - which is adjusted against the advances.

19 Trade and other payables

	As at 31 March 2023 AED	As at 31 March 2022 AED
Trade payables	619,831,339	503,890,533
Payable towards acquisition of additional interest from non-controlling interests (Refer note no 8(b))	-	10,995,000
Payable to partners in clinics and pharmacies*	6,757,900	7,653,242
Accrued expenses and other payables**	608,934,334	457,669,233
	1,235,523,573	**980,208,008**

Average days payable is in the range of 100-140 days (2022: 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.

** Represents the professional fees payable to doctors, accrued employee benefits payable to staff, volume rebates and other provisions.

20 Zakat charge and income tax expense

	Year ended 31 March 2023 AED	Year ended 31 March 2022 AED
Income tax	**5,940,422**	3,326,540
Zakat charge*	**2,375,343**	2,942,449
Deferred tax	**1,020,019**	(1,132,784)
	9,335,784	**5,136,205**

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

The movement in income tax payable is as follows :		
Opening balance	**3,504,177**	1,205,760
Charge for the year	**5,940,422**	3,326,540
Paid during the year	**(3,096,286)**	(1,028,123)
	6,348,313	3,504,177
The movement in zakat payable is as follows :		
Opening balance	**2,310,783**	2,381,485
Charge for the year	**2,375,343**	2,942,449
Paid during the year	**(2,251,533)**	(3,013,151)
	2,434,593	2,310,783
Total Current Tax Liabilities - Income tax payable + zakat payable	**8,782,906**	**5,814,960**
The movement in deferred tax asset is as follows :		
Opening balance	**5,747,840**	**4,615,056**
Movement during the year	**(1,020,019)**	**1,132,784**
	4,727,821	**5,747,840**

21 Bank borrowings

	As at 31 March 2023 AED	As at 31 March 2022 AED
Non-current		
Bank loans	425,772,999	583,057,062
	425,772,999	**583,057,062**
Current		
Bank loans	310,140,759	253,432,303
Bank overdrafts	19,847,978	19,320,635
	329,988,737	**272,752,938**
	755,761,736	**855,810,000**

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 (Refer note 1);
- Undertaking letters from Borrower & Guarantors; and
- Bank guarantee from Commercial Bank of Dubai.

b) The Group is required to comply with certain financial covenants and key covenants are as follows:
- Leverage ratio not to exceed 3.5;
- Debt equity ratio: not to exceed 1.5;
- Guarantors contributes: 90% or more of the turnover of group

As at 31 March 2023, the Group was in compliance with all the financial covenants .

c) Changes in liabilities arising from financing activities for the year ended 31 March 2023 are as follows:

Particulars	1 April 2022	Cash flows (Net)	Changes in fair values	Acquisition/ Transfer	31 March 2023
Bank borrowings	855,810,000	(100,048,264)	-	-	755,761,736

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

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

d) Bank borrowings carry interest ranging from 6.00% p.a to 8.49% p.a (2022: 2.35% p.a to 7.5% p.a).

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

		31 March 2023 AED	31 March 2022 AED
22	**Provision for employees' end of service benefits**		
	Movement in employees' end of service benefits during the year is as follows:		
	Obligations at the beginning of the year	181,749,057	187,735,302
	Current service cost	39,943,069	36,158,639
	Interest cost	4,767,514	2,523,758
	Actuarial gain	(16,307,843)	(19,629,116)
	Benefits paid	(20,431,242)	(25,039,526)
	Obligations at the end of the year	**189,720,555**	**181,749,057**
	Reconciliation of present value of the obligation and the fair value of the plan assets:		
	Present value of the defined benefit obligations at the end of the year	189,720,555	181,749,057
	Net liability recognized in the consolidated statement of financial position	**189,720,555**	**181,749,057**
	Expense recognised in profit or loss		
	i) Expense recognised in the consolidated profit or loss		
	Current service cost	39,943,069	36,158,639
	Interest cost	4,767,514	2,523,758
		44,710,583	**38,682,397**
	ii) Remeasurements recognised in other comprehensive income		
	Actuarial gain	(16,307,843)	(19,629,116)
		(16,307,843)	**(19,629,116)**

Assumptions:	31 March 2023 AED	31 March 2022 AED
Discount rate (per annum)	4.3% - 4.5%	2.6% - 2.9%
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 2023		31 March 2022	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(7,971,230)	8,725,843	(8,290,904)	9,162,353
Future salary increase (1% movement)	8,831,843	(8,210,985)	9,115,598	(8,408,842)
Attrition rate (1% movement)	856,531	(934,470)	110,694	(130,734)

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 2023 AED	31 March 2022 AED
23	**Share capital**		
	Issued and paid up		
	1,024,191 shares of AED 1,000 each *(2022: 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. (Refer note 1)

24 Legal reserve

Legal reserve represents the 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 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 539,430 (2022: AED 5,006,458) to legal reserve during the current year.

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 disclosures. 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 31
(d) Fellow subsidiaries of the Parent Company	Dr. Moopens Healthcare Management Services WLL, Qatar
	Wellcare Polyclinic WLL, Qatar
	E-Care International Medical Billing Services Co. LLC, UAE
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) - Till June 22
	Mr. Amitabh Johri (GCC Chief Financial Officer)
	Mr. Wilson T Joseph (Director)

(ii) Related party transactions	**31 March 2023 AED**	**31 March 2022 AED**
Key management personnel		
Compensation of Management remuneration and short-term employee benefits	15,291,683	14,508,984
Rental expenses	296,000	296,000
Equity settled share based payment transactions		
Aster DM Healthcare Limited	329,071	400,000
Short term loans and advances (repaid)		
Affinity Holdings Private Limited	(12,363,596)	(12,994,183)
Lease rental expense for the year		
Aries Holdings FZC	12,038,219	12,038,219
AAQ Healthcare Investments LLC	7,500,000	7,500,000
Share of profit/(loss) of Associates during the year		
Aries Holdings FZC	2,004,786	2,176,244
AAQ Healthcare Investments LLC	1,224,152	903,873
Al Mutamaiz Medcare Healthcare Investment Co. L.L.C	(2,385,619)	(1,100,000)
Skin III Ltd	2,830,958	-
Dividend received during the year		
Aries Holdings FZC	1,005,000	1,503,750
Skin III Ltd	1,920,000	-
Payments made during the year		
Aries Holdings FZC	(11,474,860)	(15,596,796)
AAQ Healthcare Investments LLC	(3,168,751)	(5,879,399)

(iii) Related party balances

Due from related parties	**31 March 2023 AED**	**31 March 2022 AED**
Parent Company		
Affinity Holdings Pvt. Limited	143,904,604	156,268,200
Entities under common management and control		
Dr. Moopens Healthcare Management Services WLL, Qatar	3,507,443	5,401,880
Union Investments Private Limited, Mauritius	598,619	598,619
Equity accounted investees		
Aries Holdings FZC		
Carrying amount of interest in associate (refer note 18)	28,136,613	27,136,827
Other receivables	11,107,906	11,671,265
AAQ Healthcare Investments LLC		
Carrying amount of interest in associate (refer note 18)	13,611,831	12,387,679
Other receivables	12,118,008	16,449,257
Skin III Ltd		
Carrying amount of interest in associate (refer note 18)	17,374,549	-
Other clinics/Pharmacies partners *	18,250,960	17,564,570
	248,610,533	**247,478,297**
Less : carrying amount of interest in associate disclosed under equity accounted investees	(59,122,993)	(39,524,506)
	189,487,540	**207,953,791**

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

Due to related parties	**31 March 2023 AED**	**31 March 2022 AED**
Ultimate Parent Company		
Aster DM Healthcare Limited, India	30,738,295	21,035,381
Entities under common management and control		
Others	4,789,910	6,270,353
	35,528,205	**27,305,734**

26 Other financial assets

Other financial assets AED 4,328,670 (FY 2022 : 12,348,781) consist of margin deposits held by banks against letter of guarantee issued on behalf of the Group.

27 Contingent liabilities and commitments	**31 March 2023 AED**	**31 March 2022 AED**
a) Contingent liabilities		
Bank guarantees	4,328,797	4,156,310
b) Commitments		
Capital commitments	45,333,220	73,661,375

c) Income Tax and zakat

Kingdom of Saudi Arabia

Zakat, Tax and Customs Authority (ZATCA) has finalized the assessment for the years up 31 December 2014.

The ZATCA has raised an assessment for the year ended 31 December 2015 demanding additional zakat of SR 4,734,460, income tax of SR 836,892 and delay penalty of SR 5,464,108 thereon. The company has contested the additional amounts and filed an appeal with ZATCA. Subsequent to the yearend, the Company paid the income tax under amnesty scheme and obtained waiver on the delayed penalty. Currently, the appeal is under technical study and consideration of the General Secretariat of Zakat, Tax and Customs Committees “GSTC”. The management is confident that outcomes will be in the favour of the Company.

The assessments for the years ended from 31 March 2016 through 31 March 2022 are still under review by the ZATCA.

Oman

The tax assessment of the Group for the years up to 2018 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 2023.

28 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 2023	**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	-	1,107,340,422	-	1,107,340,422	-	-	-	-
Other financial assets	-	4,328,670	-	4,328,670	-	-	-	-
Cash and cash equivalents	-	120,568,838	-	120,568,838	-	-	-	-
Due from related parties	-	189,487,540	-	189,487,540	-	-	-	-
Financial assets measured at fair value								
Derivative financial instruments	5,388,052	-	-	5,388,052	-	5,388,052	-	5,388,052
	5,388,052	**1,421,725,470**	**-**	**1,427,113,522**	**-**	**5,388,052**	**-**	**5,388,052**
Financial liabilities not measured at fair value*								
Bank borrowings	-	-	755,761,736	755,761,736	-	-	-	-
Due to related parties	-	-	35,528,205	35,528,205	-	-	-	-
Trade and other payables	-	-	1,235,523,573	1,235,523,573	-	-	-	-
Lease liabilities	-	-	1,197,404,201	1,197,404,201	-	-	-	-
	-	**-**	**3,224,217,715**	**3,224,217,715**	**-**	**-**	**-**	**-**

	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	-	1,054,040,092	-	1,054,040,092	-	-	-	-
Other financial assets	-	12,348,781	-	12,348,781				
Cash and cash equivalents	-	93,026,334	-	93,026,334	-	-	-	-
Due from related parties	-	207,953,791	-	207,953,791	-	-	-	-
	-	**1,367,368,998**	**-**	**1,367,368,998**	**-**	**-**	**-**	**-**
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**

28 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 or loss.
The Group has recognised a gain during the year ended 31 March 2023 amounting to AED 6,571,860 (2022: AED 13,829,841).

(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 2023, 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 2023
			AED	AED	AED
Trade receivables	16	Doubtful	1,195,147,287	(326,283,196)	868,864,091
Other receivables	16	Performing	238,476,331	-	238,476,331
Other financial assets	26	Performing	4,328,670	-	4,328,670
Bank balances	17	Performing	113,544,181	-	113,544,181
Due from related parties	25	Performing	189,487,540	-	189,487,540
			1,740,984,009	**(326,283,196)**	**1,414,700,813**

	Note	Internal credit rating*	Gross carrying amount	Loss Allowance	As at 31 March 2022
			AED	AED	AED
Trade receivables	16	Doubtful	1,122,790,743	(270,431,313)	852,359,430
Other receivables	16	Performing	201,680,662	-	201,680,662
Other financial assets	26	Performing	12,348,781	-	12,348,781
Bank balances	17	Performing	85,714,970	-	85,714,970
Due from related parties	25	Performing	207,953,791	-	207,953,791
			1,630,488,947	**(270,431,313)**	**1,360,057,634**

Internal credit rating*

Category	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 Group 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.

Other receivables and due from related parties 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 as below:

	2023			2022		
	Gross	Expected credit losses	Weighted average loss rate	Gross	Expected credit losses	Weighted average loss rate
0 – 30 days	241,260,483	497,800	0.21%	185,040,384	1,760,807	0.95%
31 – 180 days	369,321,869	16,959,265	4.59%	303,901,898	11,183,091	3.68%
More than 180 days	584,564,935	308,826,131	52.83%	633,848,461	257,487,415	40.62%
Total	**1,195,147,287**	**326,283,196**		**1,122,790,743**	**270,431,313**	

28 Financial instruments (continued)

(c) Credit risk (continued)

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

	As at 31 March 2023	As at 31 March 2022
Opening balance	270,431,313	386,878,459
Impairment loss for the year	72,774,035	104,389,551
Offset against trade receivables	(16,922,152)	(220,836,697)
Closing balance	**326,283,196**	**270,431,313**

(d) Liquidity risk

The following is the contractual maturities of financial assets :

In AED

Financial assets	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
31 March 2023					
Trade and other Receivables	1,107,340,422	1,107,340,422	1,107,340,422	-	-
Other financial assets	4,328,670	4,328,670	-	4,328,670	-
Cash and cash equivalents	120,568,838	120,568,838	120,568,838	-	-
Due from related parties	189,487,540	189,487,540	189,487,540	-	-
Derivative financial instruments	-	-	-		
Total	**1,421,725,470**	**1,421,725,470**	**1,417,396,800**	**4,328,670**	**-**
31 March 2022					
Trade and other Receivables	1,054,040,092	1,054,040,092	1,054,040,092	-	-
Other financial assets	12,348,781	12,348,781	-	12,348,781	-
Cash and cash equivalents	93,026,334	93,026,334	93,026,334	-	-
Due from related parties	207,953,791	207,953,791	207,953,791	-	-
Total	**1,367,368,998**	**1,367,368,998**	**1,355,020,217**	**12,348,781**	**-**

The following are the contractual maturities of financial liabilities :

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 2023					
Trade and other payables	1,235,523,573	1,235,523,573	1,235,523,573	-	-
Lease liabilities	1,197,404,201	1,790,421,605	135,558,818	393,469,890	1,261,392,897
Bank borrowings	755,761,736	755,761,736	329,988,737	382,172,999	43,600,000
Derivative Finanicial instruments	-	-	-	-	-
Due to related parties	35,528,205	35,528,205	35,528,205	-	-
Total	**3,224,217,715**	**3,817,235,119**	**1,736,599,333**	**775,642,889**	**1,304,992,897**
31 March 2022					
Trade and other payables	980,208,008	980,208,008	980,208,008	-	-
Lease liabilities	1,008,195,725	1,584,629,471	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**	**3,449,137,021**	**1,375,630,744**	**902,090,737**	**1,171,415,540**

(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 7.

(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 2023 AED	As at 31 March 2022 AED
Variable rate instrument (bank borrowings)	6.00 % - 8.49 %	755,761,736	855,810,000
Total		**755,761,736**	**855,810,000**

28 Financial instruments (continued)

(f) Interest rate risk (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 2023		
Variable rate instruments	**7,557,617**	**(7,557,617)**
31 March 2022		
Variable rate instruments	8,558,100	(8,558,100)

(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.

	2023		2022	
	Fair value AED	Notional amount AED	Fair value AED	Notional amount AED
Interest rate swap	**5,388,052**	**(176,289,692)**	**(1,183,808)**	**(227,695,061)**

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 6,571,860 as unrealised gain during FY 2023 and AED 13,829,841 as unrealised gain during FY 2022 on derivative financial instruments 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 the previous year.

The capital structure of the Group consists of debt, which includes borrowings (Refer note 21), cash and cash equivalents and equity 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 2023	As at 31 March 2022
Total borrowings	755,761,736	855,810,000
Less : Cash and cash equivalents	(124,897,508)	(105,375,115)
Net Debt	**630,864,228**	**750,434,885**
Total Equity	**1,336,617,197**	**1,229,930,861**

29 Leases

The Group operates hospital, clinics and pharmacies on premises leased from various lessors. 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

	31 March 2023	31 March 2022
Balance as at beginning of the year	862,773,580	888,224,152
Additions	302,743,348	88,783,363
Disposals/ transfers/ alteration	(505,114)	-
Depreciation charge for the year	(122,673,864)	(104,430,744)
Transfer to capital work in progress* (Refer note 13)	(3,323,240)	(9,803,191)
Balance at end of the year	**1,039,014,710**	**862,773,580**

(ii) Lease liabilities

Particulars	31 March 2023	31 March 2022
Balance as at beginning of the year	1,008,195,725	1,008,504,606
Additions	291,555,591	88,783,363
Finance costs for the year	55,850,334	43,906,811
Finance cost related to capital-work-in-progress* (Refer note 13)	5,617,509	14,391,141
Disposals/ transfers/ alteration	(505,114)	-
Payment made during the year	(163,309,844)	(147,390,196)
Balance at end of the year	**1,197,404,201**	**1,008,195,725**
Non-current lease liabilities	1,100,761,418	914,015,469
Current lease liabilities	96,642,783	94,180,256

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

	Year ended 31 March 2023	Year ended 31 March 2022
Interest on lease liabilities	55,850,334	43,906,811
Depreciation on right-of-use assets	122,673,864	104,430,744

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

	Year ended 31 March 2023	Year ended 31 March 2022
Principal payment	101,842,001	89,092,244
Add: Finance cost paid	61,467,843	58,297,952
Total cash outflow for leases	**163,309,844**	**147,390,196**

* This is included in additions / transfers note 13.

30 Non-controlling interests ("NCI")

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

Medcare Hospital LLC

	31 March 2023 AED	31 March 2022 AED
NCI percentage (2023)	**14%**	**15%**
31 March 2023		
Statement of financial position		
Non-current assets	1,095,080,868	974,288,933
Current assets	355,279,847	402,282,246
Non-current liabilities	(378,375,452)	(369,812,884)
Current liabilities	(329,933,254)	(325,771,166)
Net assets (100%)	742,052,009	680,987,129
Carrying amount of NCI	103,257,045	102,148,069
Income statement :		
Revenue	1,028,633,269	954,875,952
Profit	94,814,880	108,201,347
Total comprehensive income	94,814,880	108,201,347
Profit allocated to NCI	13,193,555	16,230,202

31 List of subsidiaries and associates

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

Subsidiaries

Sl No	Entity name	Country of incorporation	31 March 2023	31 March 2022
			Effective holding	Effective holding
1	Aster Caribbean Holdings Limited	Cayman Island	100%	100%
2	Aster Cayman Hospital Limited	Cayman Island	100%	100%
3	Aster Hospital Sonapur L.L.C	UAE	90%	90%
4	Radiant Healthcare L.L.C	UAE	76%	76%
5	Aster Day Surgery Centre LLC	UAE	82%	82%
6	DM Healthcare (L L C)	UAE	100%	100%
7	Wahat Al Aman Home Health Care L.L.C.	UAE	100%	100%
8	Aster Grace Nursing and Physiotherapy LLC	UAE	60%	60%
9	Aster Pharmacies Group LLC	UAE	100%	100%
10	New Aster Pharmacy DMCC	UAE	100%	100%
11	Aster DCC Pharmacy LLC	UAE	100%	100%
12	Aster Al Shafar Pharmacies Group LLC	UAE	51%	51%
13	Rafa Pharmacy LLC	UAE	100%	100%
14	Aster Pharmacy LLC, AUH	UAE	100%	100%
15	Med Shop Drugs Store LLC	UAE	100%	100%
16	Alfa Drug Store LLC	UAE	100%	100%
17	Alfa One Drug Store LLC	UAE	100%	100%
18	Alfaone FZ-LLC	UAE	100%	100%
19	DM Pharmacies LLC **	UAE	100%	100%
20	Aster Opticals LLC	UAE	60%	60%
21	Medcare Hospital (L.L.C)	UAE	87%	85%
22	Premium Healthcare Limited	UAE	80%	80%
23	Dr. Moopens Healthcare Management Services LLC	UAE	100%	100%
24	Eurohealth Systems FZ LLC	UAE	100%	100%
25	Al Rafa Investments Limited	UAE	100%	100%
26	Al Rafa Holdings Limited	UAE	100%	100%
27	Al Rafa Medical Centre LLC	UAE	51%	51%
28	Dar Al Shifa Medical Centre LLC	UAE	51%	51%
29	Aster Primary Care LLC	UAE	71%	71%
30	Modern Dar Al Shifa Pharmacy LLC	UAE	51%	51%
31	Harley Street LLC	UAE	60%	60%
32	Harley Street Pharmacy LLC	UAE	60%	60%
33	Harley Street Medical Centre LLC	UAE	60%	60%
34	Harley Street Dental LLC	UAE	38%	38%
35	Grand Optics LLC	UAE	85%	85%
36	Zahrat Al Shefa Medical Center L.L.C	UAE	70%	70%
37	Samary Pharmacy LLC	UAE	70%	70%
38	Metro Meds Pharmacy L.L.C	UAE	66%	66%
39	Metro Medical Center L.L.C	UAE	66%	66%
40	Symphony Healthcare Management Services LLC	UAE	100%	100%
41	Al Raffah Hospital LLC	Oman	100%	100%

31 List of subsidiaries and associates (continued)

The consolidated financial statements of the Group includes subsidiaries and associates listed in the table below: (continued)

Subsidiaries (continued)

Sl No	Entity	Country of incorporation	31 March 2023	31 March 2022
			Effective holding	Effective holding
42	Al Raffah Pharmacies Group LLC	Oman	100%	100%
43	Oman Al Khair Hospital L.L.C	Oman	60%	60%
44	Sanad Al Rahma for Medical Care LLC	Kingdom of Saudi Arabia	100%	100%
45	Aster DM Healthcare WLL (earlier Aster DM Healthcare SPC)	Bahrain	100%	100%
46	Orange Pharmacies LLC	Jordan	51%	51%
47	Al Shafar Pharmacy LLC, AUH **	UAE	51%	51%
48	Aster Medical Centre LLC**	UAE	90%	90%
49	Zest Wellness Pharmacies LLC	UAE	50%	NA
50	Aster DM Healthcare INC	Philippines	NA	90%
51	Aster Kuwait Pharmaceuticals and Medical Equipment Company W.L.L	Kuwait	NA	54%

Associates

Sl No	Entity	Country of incorporation	% equity interest	
			31 March 2023	31 March 2022
			Beneficial	Beneficial
1	Aries Holdings FZC	UAE	25%	25%
2	AAQ Healthcare Investments LLC	UAE	33%	33%
3	Al Mutamaizah Medcare Healthcare Investment Company LLC	UAE	49%	49%
4	Skin III	UAE	60%	NA
5	Aster Arabia Trading Company LLC	Kingdom of Saudi Arabia	49%	NA

* 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 these consolidated financial statements.

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

32 Non-cash transactions

Particulars	31 March 2023 AED	31 March 2022 AED
Acquisition of interest to non controlling interest	-	-
Dividend adjusted against due from related parties	-	5,000,000