AUDIT REPORT

To:
The Partners of
Aster Clinical Lab LLP
Kochi
(LLPIN: AAP 8163)

Report on the Financial Statements

We have audited the financial statements of Aster Clinical Lab LLP ("the LLP"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the LLP in accordance with Accounting Standards and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the LLP's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the LLP as at 31st March, 2020, and its loss for the period ended on that date.

5A, Oxford Business Centre, Sreekandath Road, Ravipuram, Kochi - 682016, Kerala, India
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Offices also at : Bengaluru, Mumbai.

Report on Other Legal and Regulatory Requirements

We report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the LLP so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards to the extent applicable.

For K. Rangamani and Associates LLP
Chartered Accountants
(FRN – S200078)

K. RANGAMANI AND ASSOCIATES LLP
KOCHI-682016
CHARTERED ACCOUNTANTS

Ganesh Ramaswamy
Partner
ICAI Mem. No. 27823
UDIN- 20027823AAAABX8095
Kochi
2nd July' 2020

ASTER CLINICAL LAB LLP

Standalone Balance Sheet as at March 31, 2020

(Amount in Rs.)

Particulars	Note Nos.	As at March 31, 2020
I ASSETS		
NON CURRENT ASSETS		
a) Property, Plant and Equipment	3	-
b) Right to use assets	4	7,32,06,398
c) Capital Work in Progress	5	5,55,05,849
d) Financial Assets		
(i) Other Financial Assets	6	1,00,53,474
e) Other Non Current Assets (net)	7	5,37,32,776
SUB TOTAL		**19,24,98,497**
CURRENT ASSETS		
a) Inventories		-
b) Financial Assets		
(i) Cash and cash equivalents	8	1,05,73,340
(ii) Bank Balances other than (i) above		-
(iii) Other financial assets		-
c) Other Current Assets	9	66,24,561
SUB TOTAL		**1,71,97,901**
TOTAL ASSETS		**20,96,96,398**
II. EQUITY AND LIABILITIES		
EQUITY		
a) Partners' Capital Accounts	SOCE	1,00,10,000
b) Partners' Current Accounts	SOCE	(1,14,14,287)
SUB TOTAL		**(14,04,287)**
LIABILITIES		
NON CURRENT LIABILITIES		
a) Provisions	10	3,43,000
b) Other non current liabilities	11	7,82,02,186
SUB TOTAL		7,85,45,186
CURRENT LIABILITIES		
a) Financial Liabilities		
(i) Borrowings	12	10,83,00,000
(ii) Trade Payables	13	77,47,645
(iii) Other Financial Liabilities	14	48,15,453
b) Provisions	15	29,88,854
c) Other Current Liabilities	16	87,03,548
SUB TOTAL		**13,25,55,499**
TOTAL EQUITY AND LIABILITIES		**20,96,96,398**

Accompanying notes 1 to 27 are an integral part of the standalone financial statements

In terms of our report of even date

For K.Rangamani and Associates LLP

Chartered Accountants

Firm Registration No.S20078 (S200078)

KOCHI-682016

K. RANGAMANI AND ASSOCIATES LLP CHARTERED ACCOUNTANTS

Ganesh Ramaswamy

Partner

Membership No. 27823

Place: KOCHI

Date: 2.7.2020

UDIN - 20027823AAAABW9266

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07977973

Puja Aggarwal
Designated Partner
DIN 08501575

Place:

Date:

ASTER CLINICAL LAB LLP

Statement of Standalone Profit and Loss for the period ended March 31, 2020

(Amount in Rs.)

Particulars	Note Nos.		Period ended March 31, 2020
CONTINUING OPERATIONS			
I. **Revenue from Operations**			-
II. **Other Income**	17		4,98,877
III. **Total Revenue (I + II)**			**4,98,877**
IV. **Expenses**			
(a) Employee Benefit Expenses	18		47,48,755
(b) Finance Costs	19		7,69,934
(c) Depreciation and Amortization	6		-
(d) Other Expenses	20		63,94,476
Total Expenses			**1,19,13,164**
V. Profit (loss) **before exceptional items and tax (III - IV)**			(1,14,14,287)
VI. **Exceptional Items**			-
VII. **Profit (loss) before tax (V - VI)**			(1,14,14,287)
VIII. **Tax Expense**			
(i) Current Tax			-
(ii) Deferred Tax			-
Total Tax Expense			-
IX. **Profit(loss) from continuing operations (VII - VIII)**			(1,14,14,287)
X. **Discontinued Operations**			
1. Profit(loss) from discontinued operations			-
2. Tax expense of discontinued operations			-
XI. **Profit(loss) after tax from discontinued operations**			-
XII. **Profit (loss) for the period (IX + XI)**			(1,14,14,287)
XIII. Other Comprehensive Income			
(i) Items that will not be recycled to profit or loss			-
(i) Items that may be reclassified to profit or loss			-
XIV. **Total Comprehensive Income for the period (XII + XIII)**			(1,14,14,287)
XV. Total Comprehensive income (loss) for the period divided among partners:			
Aster DM Healthcare Limited (Aster DMHL)		99.90%	(1,14,02,873)
Ambady Infrastructure Private Limited (Ambady IPL)		0.10%	(11,414)

Accompanying notes 1 to 27 are an integral part of the standalone financial statements

In terms of our report of even date
For K.Rangamani and Associates LLP
Chartered Accountants
Firm Registration No S200078 (S200078)

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: KOCHI
Date: 2.7.2020.
UDIN - 20027823AAAABW9266

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07977973

Puja Aggarwal
Designated Partner
DIN 08501575

Place:
Date:

ASTER CLINICAL LAB LLP
Statement of Changes in Equity for the period ended March 31, 2020

(Amount in Rs.)

Particulars	Aster DMHL	Ambady IPL	Total
A. Partners' Capital Account			
As at March 1, 2020	-	-	-
Changes in Partners Capital during the year	1,00,00,000	10,000	1,00,10,000
As at March 31, 2020	**1,00,00,000**	**10,000**	**1,00,10,000**
B. Partners' Current Account			
As at March 1, 2020	-	-	-
Credits during the period	-	-	-
Remuneration during the period	-	-	-
Interest on Capital during the year	-	-	-
Drawings during the year	-	-	-
Share of total comprehensive income for the peri	(1,14,02,873)	(11,414)	(1,14,14,287)
As at March 31, 2020	**(1,14,02,873)**	**(11,414)**	**(1,14,14,287)**

In terms of our report of even date
For K.Rangamani and Associates LLP
Chartered Accountants
Firm Registration No.S20078 (S200078)

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: KOCHI
Date: 2.7.2020
UDIN - 20027823AAAABW9266

K. RANGAMANI AND ASSOCIATES LLP KOCHI-682016 CHARTERED ACCOUNTANTS

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07977973

Puja Aggarwal
Designated Partner
DIN 08501575

Place:
Date:

ASTER CLINICAL LAB LLP

Cash Flow Statement for the period ended March 31, 2020

(Amount in Rs.)

Particulars	Period ended March 31, 2020
A. Cash Flow from Operating Activities	
Net Profit before taxation	(1,14,14,287)
Adjustments for	
Income Tax Expense recognized in profit and loss	
Finance Costs recognized in profit and loss	7,69,934
Investment income recognized in profit and loss	
Depreciation, amortization on non current assets	-
Operating Profit before Working Capital changes	**(1,06,44,354)**
Movements in Working Capital	
(Increase) / Decrease in inventories	
(Increase) / Decrease in trade receivables	
(Increase) / Decrease in short term loans and advances	
(Increase) / Decrease in other current assets	(66,24,561)
Increase/(Decrease) in short term borrowings	10,83,00,000
Increase/(Decrease) in trade payable	77,47,645
Increase/(Decrease) in other current liabilities	1,35,19,001
Increase/(Decrease) in short term provisions	29,88,854
Increase/(Decrease) in long term provisions	7,85,45,186
CASH GENERATED FROM OPERATIONS	**19,38,31,771**
Income tax Paid	
Net Cash inflow from/ (outflow) from Operating activities	**19,38,31,771**
B. Cash Flow from Investing Activities	
Purchase of investments	-
Purchase of fixed assets	(12,87,12,247)
Sale Proceeds from investments	
Sale Proceeds from fixed assets	-
Long term loans & advances received back	-
Long term loans & advances given	(6,37,86,250)
Interest received	-
Dividend received	-
Net Cash inflow from/ (outflow) from Investing activities	**(19,24,98,497)**
C. Cash Flow from Financing Activities	
Proceeds from issue of shares including premium	1,00,10,000
Proceeds from long term borrowings	-
Repayment of long term borrowings	-
Interest paid	(7,69,934)
Dividend paid	-
Net Cash inflow from/ (outflow) from Financing activities	**92,40,066**
Net increase / (decrease) in cash and cash equivalents	**1,05,73,340**
Opening Cash and Cash Equivalents	
Cash in hand	-
Bank balances	-
Closing Cash and Cash Equivalents	
Cash in hand	10,073
Bank balances	1,05,63,267

The above cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (INDAS 7)

In terms of our report of even date

For K.Rangamani and Associates LLP

Chartered Accountants

Firm Registration No. S20007B (S200078)

Ganesh Ramaswamy

Partner

Membership No. 27823

Place: KOCHI

Date: 2-7-2020

UDIN - 20027823AAAABW9266

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07977973
Place
Date

Puja Aggarwal
Designated Partner
DIN 08501575

N ote 1 . **Overview of the Limited Liability Partnership (LLP):**

A Aster Clinical Lab LLP ("the LLP") was incorporated as a limited liability partnership on July 5, 2019 with its registered office at Kochi. The LLP has two partners viz. Aster DM Healthcare Ltd with a capital stake of 99.90% and Ambady Infrastructure (P) Ltd with a capital contribution of 0.10%. The LLP has two designated partners viz. Puja Aggarwal nominated by Aster DM Healthcare Ltd and Harish Pillai nominated by Ambady Infrastructure (P) Ltd.

B The LLP is into the business of establishing, promoting, owning, letting, managing and maintaining pathology laboratories and providing various ancillary services such as diagnostic centres, radiology, blood bank etc.

Note 2 : Significant Accounting Policies:

2.1 **Statement of Compliance**

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) for the purpose of consolidation of the LLP's financials in the financials of its partner - Aster DM Healthcare Ltd which company follows the Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Accordingly, the LLP has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2020, the Statement of Profit and Loss for the period ended 31 March 2020, the Statement of Cash Flows for the period ended 31 March 2020 and the Statement of Changes in Equity for the period ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

2.2 **Basis of preparation of financial statements**

The standalone financial statements of the LLP are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis, except for:

- Financial instruments – measured at fair value and
- Plan assets under defined benefit plans – measured at fair value.

2.3 **Current and non-current classification**

The LLP presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is classified as current when it is expected to be realised in, or is intended for sale or consumption in, the LLP's normal operating cycle and it is held primarily for the purpose of being traded and additionally it satisfies any of the following criteria:

- It is expected to be realized within 12 months after the reporting date.
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current. A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the LLP's normal operating cycle.
- It is held primarily for the purpose of being traded.
- It is due to be settled within 12 months after the reporting date; or the LLP does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current.

The Ind AS have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Standalone Financial Statements have been presented in Indian Rupees (INR), which is the LLP's functional currency. All financial information presented in INR has been rounded off to the nearest Rupee, unless otherwise stated.

2.4 **Use of estimates and judgements**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Estimates and judgments are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the LLP.

2.5 **Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the financial statements is as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

A **Property, Plant and Equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. During the period under review since none of the operating centres have become functional the entire plant and equipment that has been purchased are accounted under "Capital Work in Progress" and no depreciation has been provided on those assets.

B **Government Grants**

Government grants are not recognised until there is reasonable assurance that the LLP will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis in which the LLP recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are met. The LLP has imported equipments and accessories for its pathology labs on which it has saved duty under the EPCG (Export Promotion Capital Goods) Scheme of the Ministry of Commerce, Government of India and the amount of duty thus saved has been accounted under Deferred Grants under Non Current Liabilities as specified under Ind AS 20.

C **Revenue Recognition**

Revenue from providing services is recognised in the accounting period in which the services are rendered. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. However, during the reporting period the LLP had no revenue for recognition.

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D Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the LLP and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the contracted interest rate that is applicable.

E Leases

The LLP has applied Ind AS 116 to the operating lease transactions entered into by it. The LLP recognises 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 comprises 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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of the lease agreements. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease liability is measured at amortised 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 LLP's estimate of the amount expected to be payable under a residual value guarantee, or if the LLP changes its assessment of whether it will exercise a purchase, extension or termination option. The LLP presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial statements.

F Foreign Exchange Translation

The functional currency of the LLP is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss. Monetary balances arising from the transactions denominated in foreign currency are translated to functional currency using the exchange rate as on the reporting date. Any gains or loss on such translation, are generally recognised in profit or loss. Foreign exchange differences are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation. Exchange differences on monetary items are recognised in Statement of Profit and Loss in the year in which they arise.

G Current Taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The LLP's current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

H Deferred Taxes

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

I **Borrowing Costs**

Borrowing costs, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss. The LLP determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the LLP borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

J **Provisions**

Provisions are recognised when the LLP has a present obligation (legal or constructive) as a result of a past event, it is probable that the LLP will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the LLP.

K **Employee Benefits**

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, compensated absences, and other terminal benefits. Employee Benefit under defined contribution plans comprises of Contributory provident fund and pension fund are recognized based on the obligations of the LLP to contribute to the plans. Defined benefit plans comprising of gratuity is recognized based on the present value of defined benefit obligations which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the LLP in respect of services provided by employees up to the reporting date

L Financial Assets

The LLP initially recognises loans and advances, deposits and debt securities purchased on the date on which they originate. Purchases and sale of financial assets are recognised on the trade date, which is the date on which the LLP becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value. The LLP derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

M Financial Liabilities

A financial liability is classified as held for trading if, (1) It has been incurred principally for the purpose of repurchasing it in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the LLP manages together and has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The LLP derecognises financial liabilities when, and only when, the LLP's obligations are discharged, cancelled or have expired.

N Cash and Cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

K. RANGAMANI AND ASSOCIATES LLP * CHARTERED ACCOUNTANTS * KOCHI-682016

ASTER CLINICAL LAB LLP

Accompanying notes to the financial statements for the period ended March 31, 2020 (Contd)

(Amount in Rs.)

	As at March 31,2020
Note 3 : Property, Plant and Equipment	**As at March 31,2020**
The LLP has not capitalized any property, plant or equipment as on the reporting date since the project has not been completed on the reporting date.	-
Note 4 : Right to use assets	**As at March 31,2020**
The LLP has applied the Ind AS 116 in respect of all its operating lease rental transactions for the premises which it has taken on lease.	
Additions of Right to use assets	
A Carrying value of Right to use assets at the end of the reporting period	
Value of Right to use assets determined during the period	7,51,05,152.00
Depreciation charge for the year	18,98,754.00
Balance as at March 31, 2020	7,32,06,398.00
B Amounts recognized in the Statement of Profit and Loss	
Interest on lease liabilities	-
Depreciation charge for the year	-
Total amount recognized in the Statement of Profit and Loss	-
C Amounts recognized in the Cash Flow Statement	
Depreciation charge for the year	18,98,754.00
Interest on lease liabilities	14,80,348.00
Total Cash Flow for Leases	33,79,102.00
Note 5 : Capital Work in Progress	**As at March 31,2020**
The LLP has incurred substantial amount of Capital Expenditure during the period under report in respect of its proposed project of setting up pathology laboratories in Bengaluru, Kochi and Trivandrum. Since the commissioning of such laboratories has not been done during the reporting period, the LLP has accounted for such capital expenditure including expenses directly attributable to it under Capital Work in Progress.	
Additions during the period	5,55,05,849
Total	**5,55,05,849**
Note 6 : Other Financial Assets (Non- Current)	**As at March 31,2020**
Security deposits for Leased Premises	1,00,53,474
Total	**1,00,53,474**
Note 7 : Other Non- Current Assets	**As at March 31,2020**
Advance to vendors for supply of Capital Assets	5,37,32,776
Total	**5,37,32,776**
Note 8 : Cash and Cash Equivalents	**As at March 31,2020**
Balance with Banks in Current Accounts	13,90,423
Balance with Banks in Deposit Accounts (with maturity of less than 3 months)	91,72,844
Cash in Hand	10,073
Total	**1,05,73,340**

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Note 9 : Other Current Assets	As at March 31,2020
Other Advances	17,64,153
Prepaid Expenses	2,91,951
TDS Receivable	23,309
Accrued Interest on Term Deposits	94,564
Deferred Lease Commitments	44,50,584
Total	**66,24,561**

Note 10 : Long Term Provisions	As at March 31,2020
Provision for Gratuity Payable	3,43,000.00
Total	**3,43,000.00**

Note 11 : Other Non Current Liabilities	As at March 31,2020
Deferred Government Grant (Duty concession under EPCG Scheme)	83,38,949
Finance Lease Liability (On leases as per IND As 116)	6,98,63,237
Total	**7,82,02,186**

Note 12 : Borrowings	As at March 31,2020
From Partner Company (Aster DM Healthcare Ltd)	10,83,00,000
Total	**10,83,00,000**

Note 13 : Trade Payables	As at March 31,2020
Dues to Creditors who are Micro Small And Medium Enterprises	-
The principal amount remaining unpaid to any supplier as at the end of accounting year;	
The interest due and remaining unpaid to any supplier as at the end of accounting year;	
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the due date during each accounting year;	
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	
The amount of interest accrued and remaining unpaid at the end of accounting year; and	
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	
Creditors other than Micro Small and Medium Enterprises	77,47,645
Total	**77,47,645**

Note 14 : Other Financial Liabilities	As at March 31,2020
Interest payable on loan from Partner Company (Aster DM Healthcare Ltd)	26,49,937
Creditors for Capital Goods	21,65,516
Total	**48,15,453**

Note 15 : Short term provisions	As at March 31,2020
Provision for expenses	29,88,854
Total	**29,88,854**

Note 16 : Other Current Liabilities	As at March 31,2020
Dues to Statutory Authorities	9,07,051
Dues to Employees	35,57,174
Finance Lease Liability (On leases as per IND As 116)	42,39,323
Total	**87,03,548**

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Accompanying notes to the financial statements for the period ended March 31, 2020 (Contd)

(Amount in Rs.)

Note 17 : Other Income	Period ended March 31,2020
Interest Income on Term Deposits with Banks	3,27,646
Interest on Lease Deposits	1,71,230
Others	1
Total	**4,98,877**

Note 18 : Employee Benefit Expenses	Period ended March 31,2020
Salaries and Wages	40,52,857
Contribution to Provident and other funds	2,62,867
Gratuity	3,43,000
Staff Welfare Expenses	90,031
Total	**47,48,755**

Note 19 : Finance Costs	Period ended March 31,2020
Interest on Borrowings from Partner Company (Aster DM Healthcare Ltd)	6,76,430
Interest on Finance Lease (As per IND As 116)	-
Bank Charges	93,503
Total	**7,69,934**

Note 20 : Other Expenses	Period ended March 31,2020
Communication Expenses	1,67,924
Manpower Hiring Expenses	8,80,045
Legal and Professional Charges	12,23,372
Audit Fees	60,000
Logistics Expenses	24,88,180
Miscellaneous Expenses	36,901
Office Administration Expenses	1,40,908
Power & Fuel	2,10,335
Notional Rent as per Ind AS 109	2,27,172
Rates and Taxes	87,332
Branding and advertisement	91,304
Travelling Expenses	7,81,003
Total	**63,94,476**

Note 21 : Payment to Auditors	Period ended March 31,2020
As Auditor	
Statutory Audit Fees	60,000
Tax Audit Fees	-
Limited Review Fees	-
In Other Capacity	
Taxation matters	-
Company Law matters	-
Certification matters	-
Reimbursement of Expenses	-

Note 22 : Fair Values of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The carrying amounts of trade payables, capital creditors, advances paid, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short term nature. Lease deposits which are advanced as security deposits to landlords for the premises which are taken on lease have been measured at its respective fair values by amortising the cost using an effective interest rate determined on the basis of estimated cash flows as prescribed in Ind As 109.

Note 23 : Financial Risk Management Objectives and Policies

The LLP's principal financial liabilities, comprise of borrowings from Partner Company, trade and other payables, and documentary credit from bank. The main purpose of these financial liabilities is to finance and support the LLP's operations. The LLP's principal financial assets include advances to vendors, other receivables, and cash and cash equivalents. The LLP is exposed to market risk, credit risk and liquidity risk. The LLP's partner company's senior management oversees the management of these risks. The LLP's partner company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the LLP.

The LLP has a Risk Management Committee established by its Partner Company for overseeing the Risk Management Framework and developing and monitoring the LLP's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitoring the risks and their limits as well as improving risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the LLP's activities to provide reliable information to the management to evaluate the adequacy of the risk

The risk management policies aims to mitigate the following risks arising from the financial instruments:

A Foreign Currency Risk

The LLP's functional currency is Indian Rupees (INR). If the LLP undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the LLP's costs of imports, primarily in relation to import of Capital Equipments. The LLP is exposed to exchange rate risk under its import of Capital Goods portfolio. Adverse movements in the exchange rate between the Rupee and any relevant foreign currency results in increase in the LLP's overall debt position in Rupee terms without the LLP having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the LLP's payables in foreign currency. In order to hedge exchange rate risk, the LLP has a policy to hedge cash flows up to a specific tenure using forward exchange contracts and options. In respect of imports and other payables, the LLP hedges its payables as when the exposure arises. Short term exposures are hedged progressively based on their maturity.

B Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the LLP. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness. The LLP has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

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Customer credit risk will be managed centrally by the LLP and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with the assessment. Credit risk on receivables is also mitigated by securing the same against letters of credit and guarantees of reputed nationalised and private sector banks. No single customer will account for 10.0% or more of revenue.

C Liquidity Risk

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The LLP requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The LLP will generate sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments should provide liquidity in the short-term and long term. The LLP has established an appropriate liquidity risk management framework for the management of the LLP's short, medium and long-term funding and liquidity management requirements. The LLP proposes to manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Note 24 : Employee Benefit Obligation

	Period ended March 31,2020
A Total employee Benefits Obligation	
Contribution to Provident Fund	1,85,043
Defined Benefit Plan - Gratuity - As per Actuarial Valuation	3,43,000
Total	
B Reconciliation of Defined Benefit Obligation	
Current Service Cost	3,43,000
Total	**3,43,000**
C Reconciliation of Fair Value of Plan Assets	
Fair value of plan assets at the end of the year	-
D Expenses recognized in the Profit and Loss Account	
Current Service Cost	3,43,000
Total	**3,43,000**
E Net Liability (Asset) recognized in the Balance Sheet	
Present Value of DBO	3,43,000
Fair value of plan assets at the end of the year	-
Liability (Asset) taken to Balance Sheet	**3,43,000**
F Actuarial Assumptions	
Salary Growth Rate	0.07
Discount Rate	0.07
Withdrawal Rate	0.02
Interest Rate in Net DBO	NA
Mortality Rate	IALM 2012-14 (Ult)
Expected Weighted Average duration of obligation	15 years

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Note 25 : Related Party Transactions

A **Name of the related party where transactions have taken place during the reporting period**

Aster DM Healthcare Ltd - Partner Company

B **Transactions with related parties during the reporting period**

Loans received (Aster DM Healthcare Ltd)	10,83,00,000
Expense Reimbursements	60,15,155
Interest paid/ payable (Aster DM Healthcare Ltd)	29,44,374

C **Outstanding Balances as on March 31, 2020**

Aster DM Healthcare Ltd - Partner Company (Payable) (Cr)	11,69,65,091

Note 26 : Capital Management

For the purpose of the LLP's capital management, capital consists of Partners' capital brought in. The primary objective of the LLP's capital management policy is to maximise the Partners' capital value. The LLP manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the LLP may adjust the interest payment to partners on capital, or issue of additional capital. The LLP monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The LLP's policy during the formative years is to keep the gearing ratio around 10%. The LLP includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Particulars of Net Debt and Capital	**Period ended March 31,2020**
Short Term Borrowings	10,83,00,000
Less: Cash and Cash Equivalent	(1,05,73,340)
Net Debt	11,88,73,339
Total Capital	1,00,10,000
Gearing Ratio	8.42%

In order to achieve this overall objective, the LLP's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 27 : Contingent Liabilities

	As at March 31,2020
Estimated amounts of contracts remaining to be executed on capital account	4,49,85,461

In terms of our report of even date

For K.Rangamani and Associates LLP

Chartered Accountants

Firm Registration No.S200~~0~~8 (S200078)

KOCHI-682016 CHARTERED ACCOUNTANTS

Ganesh Ramaswamy

Partner

Membership No. 27823

Place: KOCHI

Date: 2-7-2020

UDIN – 20027823AAAABW9266

For Aster Clinical Lab LLP

Harish Pillai	Puja Aggarwal
Designated Partner	Designated Partner
DIN07977973	DIN 08501575

Place:

Date: