INDEPENDENT AUDITORS' REPORT
TO THE PARTNERS OF ASTER CLINICAL LAB LLP
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aster Clinical Lab LLP ("the LLP") which comprises of the Balance sheet as at March 31, 2021, the Statement of Profit and loss (including other comprehensive loss), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

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 required by the LLP Act, 2008 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the LLP as at March 31, 2021, of its loss, of its total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the LLP in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Management's Responsibility for the Financial Statements

The LLP's partners are responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive loss, changes in equity and cash flows of the LLP in accordance with the Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the LLP 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

K. RANGAMANI AND ASSOCIATES LLP * CHARTERED ACCOUNTANTS * BANGALORE 560102

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to dissolve the LLP or to cease operations, or has no realistic alternative but to do so. The partners are also responsible for overseeing the LLP's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

K. RANGAMANI AND ASSOCIATES LLP
BANGALORE 560102
CHARTERED ACCOUNTANTS

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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 including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
d) In our opinion, the aforesaid financial statements comply with the Ind AS requirements.
e) With respect to the adequacy of the internal financial controls over financial reporting of the LLP and the operating effectiveness of such controls, refer to our separate Report in "*Annexure A*". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the LLP's internal financial controls over financial reporting.

For K. Rangamani and Associates LLP
Chartered Accountants (F No. S200078)

K. RANGAMANI AND ASSOCIATES LLP
BANGALORE
560102
CHARTERED ACCOUNTANTS

Ganesh Ramaswamy
Partner
(Membership No. 27823)
Place: Bengaluru
Date: 18/6/2021
UDIN: 21027823AAAAAI R9103

"Annexure A" to the Independent Auditors' Report of even date on the financial statements of Aster Clinical Lab LLP for the year ended 31st March 2021.
Report on the Internal Financial Controls of Aster Clinical Lab LLP

We have audited the internal financial controls over financial reporting of Aster Clinical Lab LLP as on March 31, 2021 in conjunction with our audit of the financial statements of the LLP for the year ended on that date.

Management's responsibility for internal financial controls
The LLP's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the LLP considering the essential components of internal controls stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the LLP's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the LLP Act 2008.

Auditors' Responsibility
Our responsibility is to express an opinion on the LLP's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing, issued by Institute of Chartered Accountants of India, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the LLP's internal financial controls system over financial reporting.

K. RANGAMANI AND ASSOCIATES LLP CHARTERED ACCOUNTANTS BANGALORE 560102

Meaning of internal financial controls over financial reporting

The LLP's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The LLP's internal financial control over financial reporting includes those policies and procedures that:

1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the LLP;
2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the LLP are being made only in accordance with authorizations of management and designated partners of the LLP; and
3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the LLP's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the LLP has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the LLP considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

K. RANGAMANI AND ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★
BANGALORE
560102

Ganesh Ramaswamy
Partner
ICAI Mem. No. 27823
UDIN- 21027823 AAAA IR9103
Bengaluru
Date: 18/6/2021

ASTER CLINICAL LAB LLP
Standalone Balance Sheet as at March 31, 2021

(Amount in Rs.)

Sl.No.	Particulars	Note Nos.	As at March 31, 2021	As at March 31, 2020
I	**ASSETS**			
	NON CURRENT ASSETS			
a)	Property, Plant and Equipment	3	18,62,57,766	-
b)	Right to use assets	4	15,56,34,557	7,32,06,398
c)	Capital Work in Progress	5	1,24,50,589	5,55,05,849
d)	Other Intangible Assets	6	36,22,720	-
e)	Intangible Assets Under Development	7	46,97,000	-
f)	Financial Assets			
i)	Other Financial Assets	8	1,68,92,023	1,45,04,056
g)	Deferred Tax Assets (net)	9	17,34,387	-
h)	Other Non Current Assets	10	6,54,500	5,37,32,776
	SUB TOTAL		38,19,43,552	19,69,49,081
	CURRENT ASSETS			
a)	Inventories	11	4,20,76,682	-
b)	Financial Assets			
(i)	Trade Receivables	12	26,10,45,906	-
(ii)	Cash and cash equivalents	13	1,30,71,386	1,05,73,340
(iii)	Bank Balances other than (ii) above		-	-
(iv)	Other financial assets	14	11,60,738	94,564
c)	Other Current Assets	15	2,56,34,965	20,79,413
	SUB TOTAL		36,29,89,676	1,27,47,317
	TOTAL ASSETS		74,49,33,228	20,96,96,398
II.	**EQUITY AND LIABILITIES**			
	EQUITY			
a)	Partners' Capital Accounts	SOCE	1,00,10,000	1,00,10,000
b)	Partners' Current Accounts	SOCE	(19,05,47,169)	(1,14,14,287)
	SUB TOTAL		(18,05,37,169)	(14,04,287)
	LIABILITIES			
	NON CURRENT LIABILITIES			
a)	Financial Liabilities			
(i)	Borrowings	16	10,54,00,000	-
b)	Provisions	17	1,31,32,000	3,43,000
c)	Other Non Current Liabilities	18	16,97,06,537	7,82,02,186
	SUB TOTAL		28,82,38,537	7,85,45,186
	CURRENT LIABILITIES			
a)	Financial Liabilities			
(i)	Borrowings	19	42,56,00,000	10,83,00,000
(ii)	Trade Payables	20	2,68,52,527	77,47,645
(iii)	Other Financial Liabilities	21	13,08,11,329	48,15,453
b)	Provisions	22	2,29,00,395	29,88,854
c)	Other Current Liabilities	23	3,10,67,609	87,03,548
	SUB TOTAL		63,72,31,859	13,25,55,499
	TOTAL EQUITY AND LIABILITIES		74,49,33,228	20,96,96,398

Accompanying notes 1 to 37 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

K. RANGAMANI AND ASSOCIATES LLP
BANGALORE
560102
CHARTERED ACCOUNTANTS

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: Bengaluru
Date: 18/06/2021
UDIN -21027823AAAAIR9103

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 079[illegible]973
Place:
Date:

Puja Aggarwal
Designated Partner
DIN 08501576

ASTER CLINICAL LAB LLP

Statement of Standalone Profit and Loss for the period ended March 31, 2021

(Amount in Rs.)

Sl.no.	Particulars	Note Nos.	Period ended March 31, 2021	Period ended March 31, 2020
I.	Revenue from Operations	24	39,36,67,494	-
II.	Other Income	25	20,78,196	4,98,877
III.	**Total Revenue (I + II)**		**39,57,45,690**	**4,98,877**
IV.	Expenses			
	(a) Purchases	26	31,25,57,477	-
	(b) Changes in Inventories	27	(4,20,76,682)	-
	(c) Employee Benefit Expenses	28	8,31,61,549	47,48,755
	(d) Finance Costs	29	4,19,37,169	6,76,430
	(e) Depreciation and Amortization	30	4,15,92,842	-
	(f) Other Expenses	31	13,94,40,604	64,87,979
	Total Expenses		**57,66,12,959**	**1,19,13,164**
V.	**Profit (loss) before exceptional items and tax (III - IV)**		**(18,08,67,269)**	**(1,14,14,287)**
VI.	**Exceptional Items**		-	-
VII.	**Profit (loss) before tax (V - VI)**		**(18,08,67,269)**	**(1,14,14,287)**
VIII.	**Tax Expense**			
	(i) Current Tax		-	-
	(ii) Deferred Tax		(17,34,387)	-
	Total Tax Expense		(17,34,387)	-
IX.	**Profit(loss) for the year (VII - VIII)**		**(17,91,32,882)**	**(1,14,14,287)**
X.	**Other Comprehensive Income**			
	Items that will not be recycled to profit or loss			
	(a) Remeasurement loss in defined benefit plans		18,82,000	-
	(b) Income tax relating to items that will not be reclassified to profit and loss		-	-
XI.	**Total Comprehensive Income for the period (IX - X)**		**(17,72,50,882)**	**(1,14,14,287)**
XII.	**Total Comprehensive Income (loss) for the period divided among partners;**			
	Aster DM Healthcare Limited (Aster DMHL)	99.90%	(17,70,73,631)	(1,14,02,873)
	Ambady Infrastructure Private Limited (Ambady IPL)	0.10%	(1,77,251)	(11,414)

Accompanying notes 1 to 37 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

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: Bengaluru
Date: 18/06/2021
UDIN - 21027823AAAAIR9103

K. RANGAMANI AND ASSOCIATES LLP ★ BANGALORE 560102 ★ CHARTERED ACCOUNTANTS

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07[illegible]77973

Place:
Date:

Puja Aggarwal
Designated Partner
DIN 08501575

ASTER CLINICAL LAB LLP
Statement of Changes in Equity for the period ended March 31, 2021

(Amount in Rs.)

Particulars	Aster DMHL	Ambady IPL	Total
A. Partners' Capital Account			
As at March 1, 2020	1,00,00,000	10,000	1,00,10,000
Changes in Partners Capital during the year	-	-	-
As at March 31, 2021	**1,00,00,000**	**10,000**	**1,00,10,000**
B. Partners' Current Account			
As at March 1, 2020	(1,14,02,873)	(11,414)	(1,14,14,287)
Credits during the period	(17,70,73,631)	(1,77,251)	(17,72,50,882)
Remuneration during the period	-	-	-
Interest on Capital during the year	-	-	-
Drawings during the year	-	-	-
Share of total comprehensive income for the period	(18,80,118)	(1,882)	(18,82,000)
As at March 31, 2021	**(19,03,56,622)**	**(1,90,547)**	**(19,05,47,169)**

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

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K. RANGAMANI AND ASSOCIATES LLP
BANGALORE
560102
CHARTERED ACCOUNTANTS

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: Bengaluru
Date: 18/06/2021
UDIN - 21027823AAAAIR9103

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07877973

Place:
Date:

Puja Aggarwal
Designated Partner
DIN 08501576

ASTER CLINICAL LAB LLP

Cash Flow Statement for the period ended March 31, 2021

(Amount in Rs.)

Particulars	Period ended March 31, 2021	Period ended March 31, 2020
A. Cash Flow from Operating Activities		
Net Profit before taxation	(18,08,67,269)	(1,14,14,287)
Adjustments for:		
Income Tax Expense recognized in profit and loss	-	-
Finance Costs recognized in profit and loss	4,19,37,169	6,76,430
Investment Income recognized in profit and loss	-	-
Depreciation, amortization on non current assets	4,15,92,842	-
Operating Profit before Working Capital changes	**(9,73,37,258)**	**(1,07,37,857)**
Movements in Working Capital		
(Increase) / Decrease in inventories	(4,20,76,682)	-
(Increase) / Decrease in trade receivables	(28,10,45,906)	-
(Increase) / Decrease in short term loans and advances	-	-
(Increase) / Decrease in other current assets	(2,46,21,726)	(21,73,977)
Increase/(Decrease) in short term borrowings	31,73,00,000	10,83,00,000
Increase/(Decrease) in trade payable	1,91,04,882	77,47,645
Increase/(Decrease) in other current liabilities	14,83,59,937	1,35,19,001
Increase/(Decrease) in short term provisions	1,99,11,641	29,88,854
Increase/(Decrease) in long term provisions	1,27,89,000	7,85,45,186
CASH GENERATED FROM OPERATIONS	**7,23,83,789**	**19,81,88,852**
Income tax Paid	-	-
Net Cash inflow from/ (outflow) from Operating activities	**7,23,83,789**	**19,81,88,852**
B. Cash Flow from Investing Activities		
Purchase of investments	-	-
Purchase of fixed assets	(27,55,43,236)	(12,87,12,247)
Sale Proceeds from investments	-	-
Sale Proceeds from fixed assets	-	-
Long term loans & advances received back	9,15,04,351	-
Long term loans & advances given	5,06,90,311	(6,82,36,834)
Interest received	-	-
Dividend received	-	-
Net Cash inflow from/ (outflow) from Investing activities	**(13,33,48,574)**	**(19,69,49,081)**
C. Cash Flow from Financing Activities		
Proceeds from issue of shares including premium	-	1,00,10,000
Proceeds from long term borrowings	10,54,00,000	-
Repayment of long term borrowings	-	-
Interest paid	(4,19,37,169)	(6,76,430)
Dividend paid	-	-
Net Cash inflow from/ (outflow) from Financing activities	**6,34,62,831**	**93,33,570**
Net increase / (decrease) in cash and cash equivalents	**24,98,046**	**1,05,73,340**
Opening Cash and Cash Equivalents		
Cash in hand	10,073	-
Bank balances	1,05,63,267	-
Closing Cash and Cash Equivalents		
Cash in hand	2,29,712	10,073
Bank balances	1,28,41,674	1,05,63,267

The above cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (INDAS7)

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

K. RANGAMANI AND ASSOCIATES LLP
BANGALORE
560102
CHARTERED ACCOUNTANTS

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: Bengaluru
Date: 18/06/2021
UDIN- 21027823AAAAIR9103

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07977973
Place:
Date:

Puja Aggarwal
Designated Partner
DIN 08501575

ASTER CLINICAL LAB LLP

Accompanying notes to the financial statements for the period ended March 31, 2021

Note 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 of the Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss for the year ended 31 March 2021, the Statement of Cash Flows for the year ended 31 March 2021, the Statement of Changes in Equity for the year 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

These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The accounting policies have been applied consistently over all the periods presented in these financial statements except as mentioned below.

Previous year figures have been re-grouped/reclassified where necessary, to confirm with the current year presentation for the purpose of comparability.

2.3 Application of new accounting pronouncements

The LLP has applied the following Ind AS pronouncements.

i. Effective 1 April 2019, Ind AS 116 " Leases ", has to be adopted by all entities. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

ii. The LLP has adopted Ind AS 12 "Income Taxes" as per Appendix C to Ind AS 12. The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments.

iii. The LLP has adopted Ind AS 23 " Borrowing Costs" as amended, which requires the entity to calculate and apply the capitalisation rate on general borrowings, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale and that borrowing becomes part of the funds that entity borrows generally.

2.4 Use of estimates and judgements

The preparation of the LLP's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

2.5 Significant management judgements

The following are significant management judgements in applying the accounting policies of the LLP that have the most significant effect on the financial statements.

K. RANGAMANI AND ASSOCIATES LLP ★ CHARTERED ACCOUNTANTS ★ BANGALORE 560102

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

2.6 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.

2.7 Lease transactions

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 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 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 or, if that rate cannot be readily determined, LLP's incremental borrowing rate. Generally, the LLP uses its incremental borrowing rate as the discount rate.

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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 as at the commencement date;
– Amounts expected to be payable under a residual value guarantee; and
– The exercise price under a purchase option that the LLP is reasonably certain to exercise, lease payments in an optional renewal period if the LLP is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the LLP is reasonably certain not to terminate early.

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 LLP changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

Finance Lease

In the comparative period, leases are classified as Finance Lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the lease. All other leases are classified as Operating lease.

Operating Lease

In the comparative period, leases in which a significant portion of the risks and rewards of ownership are not transferred to the LLP as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.8 Short-term leases and leases of low-value assets

The LLP has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The LLP recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.9 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19- Employee Benefits.

a) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(b) Defined contribution plan

Retirement benefits in form of superannuation is a defined contribution scheme. The LLP has no obligation, other than the contribution payable to the superannuation fund. The LLP recognizes contribution payable to the superannuation scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

The LLP has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

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(c) Defined benefit plans

The LLP has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the LLP. Presently the LLP's gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. 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 if any. This cost is included in employee benefit expense in the statement of profit and loss.

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement 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 and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service and interest cost on the LLPs defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

2.10 Foreign currency transactions

The functional currency of the LLP is the Indian Rupee (INR). These financial statements are presented in INR (₹). In the financial statements of the LLP, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12 Taxation

(a) Income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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 OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 <u>Property, plant and equipment</u>

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.14 <u>Capital work in progress</u>

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

2.15 <u>Depreciation</u>

Depreciable amount for assets is the cost of an asset. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) over their useful lives, using straight-line method as per the useful life in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

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Asset Years
Computer Equipment 3 Years
Furniture & Fixtures 5 Years
Lab Instruments 5 Years
Medical Equipment 10 Years
Office Equipment 10 years
Leasehold Improvements 7 & 9 Years based on lease agreements

2.16 **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Where intangible asset is acquired in a business combination, it is measured at its acquisition date fair value. Internally generated intangible asset is recognised as an asset in the books only and when the LLP develops an identifiable intangible asset and the following criteria are satisfied:

• It is technically feasible to complete the software so that it will be available for use
• Management intends to complete the software and use
• There is an ability to use the software
• It can be demonstrated how the software will generate probable future economic benefits
• Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
• The expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the intangible asset include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

2.17 **Useful life and amortisation**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the useful lives of the asset from the date of capitalisation as below:

• Computer software 3 years

The estimated useful life is reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively. Intangible assets acquired in a business combination viz. Goodwill, Patents, Copyrights and Brands do not have definite useful life and thus, are not amortised. However, these assets are tested for impairment on an annual basis. These are further tested for impairment upon any indication of impairment subsequent to annual testing.

2.18 **Impairment of non - financial assets**

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing the value in use; the estimated future cash flows are discounted to the present value using the weighted average cost of capital.

2.19 **Inventories**

Inventories comprise of reagents, chemicals, surgical and laboratory supplies and stores and others and are valued at lower of cost and net realisable value. Cost is determined on moving weighted average basis.

2.20 **Provisions and Contingent Liabilities**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

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Provisions represent liabilities to the LLP for which the amount or timing is uncertain. Provisions are recognized when the LLP has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the LLP. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the LLP is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

2.21 Financial instruments

A) Financial assets

a) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the LLP commits to purchase or sell the asset.

b) Subsequent measurement

Subsequent measurement of financial assets is described below -

(i) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

A debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

However, the LLP recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

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(iii) Debt instrument at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the LLP may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The LLP has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

c) Financial Assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the LLP's balance sheet) when:

1) The rights to receive cash flows from the asset have expired, or

2) The LLP has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either

a. the LLP has transferred substantially all the risks and rewards of the asset, or

b. the LLP has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the LLP has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the LLP continues to recognise the transferred asset to the extent of the LLP's continuing involvement. In that case, the LLP also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the LLP has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the LLP could be required to repay.

(d) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the LLP applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The LLP follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the LLP to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the LLP determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the LLP reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the LLP in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

1) Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the LLP does not reduce impairment allowance from the gross carrying amount.

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2) *Debt instruments measured at FVTPL:* Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.

3) *Debt instruments measured at FVTOCI*: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the LLP combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The LLP does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

B) Financial liabilities –

a) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The LLP's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

1) Financial liabilities at fair value through statement of profit and loss - Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the LLP that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2) Gains or losses on liabilities held for trading are recognised in the statement of profit and loss - Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

3) Liabilities designated as FVTPL- fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the LLP may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The LLP has not designated any financial liability as at fair value through statement of profit and loss.

b) Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit and loss.

C) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the LLP enters into forward, futures and other derivative financial instruments. The LLP does not hold derivative financial instruments for speculative purposes.

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Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

1) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

2) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the LLP formally designates and documents the hedge relationship to which the LLP wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the LLP's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

D) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.22 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the LLP.

The fair value of an asset or liability is measured using assumptions that market participants would use when pricing the asset/liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.23 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 an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above.

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Accompanying notes to the financial statements for the period ended March 31, 2021 (Contd)

(Amount in Rs.)

Note 3 : Property, Plant and Equipment	**As at March 31,2021**	**As at March 31,2020**
- Tangible assets		
Leasehold improvements	7,12,66,431	-
Plant & Machinery	9,15,10,550	-
Furniture & Fixtures	14,22,420	-
Office Equipment	73,12,752	-
Computers	72,38,559	-
- EPCG Grant		
- EPCG Grant	75,05,054	-
Total	18,62,57,766	-

Note 4 : Right to use assets	**As at March 31,2021**	**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**		
Balance as at April 1, 2021	7,32,06,398	-
Value of Right to use assets determined during the period	10,10,70,436	7,51,05,152
Depreciation charge for the year	1,86,42,277	18,98,754
Balance as at March 31, 2021	**15,56,34,557**	**7,32,06,398**
B **Amounts recognized in the Statement of Profit and Loss**		
Interest on lease liabilities	1,13,19,955	-
Depreciation charge for the year	1,86,42,277	-
Total amount recognized in the Statement of Profit and Loss	**2,99,62,232**	-
C **Amounts recognized in the Cash Flow Statement**		
Depreciation charge for the year	1,86,42,277	18,98,754
Interest on lease liabilities	1,13,19,955	14,80,348
Total Cash Flow for Leases	**2,99,62,232**	**33,79,102**

Note 5 : Capital Work in Progress	**As at March 31,2021**	**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 Kannur, Perinthalmanna and J.P.Nagar . Since the operations of such laboratories has not yet commenced 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	1,24,50,589	5,55,05,849
Total	**1,24,50,589**	**5,55,05,849**

Note 6 : Other Intangible Assets	**As at March 31,2021**	**As at March 31,2020**
Suvarna LIS Software	29,06,470	-
Aster Labs - Website Development	7,16,259	-
Total	**36,22,729**	-

Note 7 : Intangible Assets Under Development	**As at March 31,2021**	**As at March 31,2020**
Aster Labs - App Development	46,97,000	-
Total	**46,97,000**	-

Note 8 : Other Financial Assets	**As at March 31,2021**	**As at March 31,2020**
Non current		
Security deposits for Leased Premises	1,10,37,070	1,00,53,474
Deferred Lease Commitments	58,54,953	44,50,584
Total	**1,68,92,023**	**1,45,04,058**

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Note 9 : Deferred Tax Assets (net)

	As at March 31,2021	As at March 31,2020
Balance at the beginning of the year	-	-
Additions (deletions) during the year	17,34,387	-
Closing balance of deferred tax assets at the end of the year	17,34,387	-

Note 10 : Other Non Current Assets

	As at March 31,2021	As at March 31,2020
Advance to vendors for supply of Capital Assets	6,54,500	5,37,32,776
Total	6,54,500	5,37,32,776

Note 11 : Inventories

	As at March 31,2021	As at March 31,2020
Reagents	4,01,68,471	-
Consumables	19,08,211	-
Total	4,20,76,682	-

Note 12 : Trade Receivables

	As at March 31,2021	As at March 31,2020
Trade receivables outstanding for a period more than six months		
Secured, considered good	-	-
Unsecured, considered good	5,02,48,874	-
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	5,02,48,874	-
Others		
Secured, considered good	-	-
Unsecured, considered good	23,07,97,032	-
Doubtful	-	-
Less: Provision for doubtful debts	-	-
	23,07,97,032	-
TOTAL	28,10,45,906	-

Trade Receivable stated above include debts due by:

Particulars	As at March 31,2021	As at March 31,2020
Receivables from Related Parties	26,73,83,423	-

Note 13 : Cash and cash equivalents

	As at March 31,2021	As at March 31,2020
Balance with Banks		
Current Accounts	27,63,813	13,90,423
Fixed Deposit	1,00,77,861	91,72,844
Cash in Hand	2,29,712	10,073
Total	1,30,71,386	1,05,73,340

Note 14 : Other financial assets

	As at March 31,2021	As at March 31,2020
Current		
Accrued Interest on Term Deposits	6,78,678	94,564
Advance given to Creditors	4,82,060	-
Total	11,60,738	94,564

Note 15 : Other Current Assets

	As at March 31,2021	As at March 31,2020
Other Advances	2,24,049	17,64,153
Prepaid Expenses	29,75,797	2,91,951
TDS & TCS Receivable	1,72,82,748	23,309
Advance to vendors for supply of Capital Assets	51,52,371	-
Total	2,56,34,965	20,79,413

Note 16 : Borrowings

	As at March 31,2021	As at March 31,2020
Non current		
Secured Term Loan		
From Banks	10,54,00,000	-
	10,54,00,000	-

Other Disclosure

The term loan taken from Federal Bank Limited has been fully secured against the land and buildings owned by DM Medcity Hospitals (India) Private Limited and Aster DM Healthcare Limited. The amount financed is Rs.15 crores at an interest rate of 9.25% (linked to one year MCLR) and are to be repaid in 108 graded monthly instalments commencing after the expiry of moratorium period of 12 months

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from the date of disbursal of the loan i.e. 11.09.2020.Currently, the LLP has received to the extent of Rs.10.96 crores out of the sanctioned amount of Rs.15 crores. All interest instalments are paid on time and there is no default as on balance sheet date.

Moratorium period for principal repayment : From 11.09.2020 to 11.09.2021

Note 17 : Provisions	**As at March 31,2021**	**As at March 31,2020**
Provision for Gratuity Payable	1,31,32,000.00	3,43,000.00
Total	**1,31,32,000.00**	**3,43,000.00**

Note 18 : Other Non Current Liabilities	**As at March 31,2021**	**As at March 31,2020**
Deferred Government Grant (Duty concession under EPCG Scheme) IND AS 20	75,05,054	83,38,949
Lease Liability (On leases as per IND As 116)	16,14,81,483	6,98,63,237
Security Deposit Payable	7,20,000	-
Total	**16,97,06,537**	**7,82,02,186**

Note 19 : Borrowings	**As at March 31,2021**	**As at March 31,2020**
Current		
From Partner Company (Aster DM Healthcare Ltd)	42,56,00,000	10,83,00,000
Total	**42,56,00,000**	**10,83,00,000**

Note 20 : Trade Payables	**As at March 31,2021**	**As at March 31,2020**
Dues to Creditors who are Micro Small And Medium Enterprises *	13,40,334	-
The principal amount remaining unpaid to any supplier as at the end of accounting year;	13,40,334	-
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	2,55,12,193	77,47,645
Total	**2,68,52,527**	**77,47,645**

* Based on the information available with the LLP, there are 4 vendors who have been identified as micro small and medium enterprises based on the confirmations circulated and responses received by the management.

Note 21 : Other Financial Liabilities	**As at March 31,2021**	**As at March 31,2020**
Interest payable on loan from Partner Company (Aster DM Healthcare Ltd)	2,09,23,402	26,49,937
Creditors for Capital Goods	61,05,096	21,65,516
Current maturities of long term debt *	42,00,000	
Retention Money Payable	23,50,583	
Payable to Related Parties	9,70,88,636	
Advances Received from Debtors	1,43,612	
Total	**13,08,11,329**	**48,15,453**

*** Other Disclosure -**

Aggregate amount of Principal repayments due within 1 year from the date of expiry of moratorium i.e. 11.09.2021 have been grouped under 'Current maturities of Long term debt' to the tune of Rs.42 lakhs comprising Rs.7 lakhs per month payable for a period of 6 months till 31.03.2022.

Note 22 : Provisions	**As at March 31,2021**	**As at March 31,2020**
Provision for Gratuity	6,39,000	-
Provision for expenses	2,22,61,395	29,88,854
Total	**2,29,00,395**	**29,88,854**

Note 23 : Other Current Liabilities	**As at March 31,2021**	**As at March 31,2020**
Dues to Statutory Authorities	47,16,838	9,07,051
Dues to Employees	1,51,78,193	35,57,174
Lease Liability (On leases as per IND As 116)	1,11,30,882	42,39,323
Other Payables	42,696	-
Total	**3,10,67,609**	**87,03,548**

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Accompanying notes to the financial statements for the period ended March 31, 2021 (Contd)

(Amount in Rs.)

Note 24 : Revenue from Operations	Period ended March 31,2021	Period ended March 31,2020
Revenue from Providing Services	39,36,67,494	-
Total	**39,36,67,494**	**-**

Note 25 : Other Income	Period ended March 31,2021	Period ended March 31,2020
Interest Income on Term Deposits with Banks	6,55,772	3,27,646
Interest on Lease Deposits	5,23,223	1,71,230
Grant Income - EPCG	8,33,895	-
Interest on IT Refund	1,965	-
Revenue for Blood Storage	63,341	-
Others	-	1
Total	**20,78,196**	**4,98,877**

Note 26 : Purchases	Period ended March 31,2021	Period ended March 31,2020
Purchases	31,25,57,477	-
Total	**31,25,57,477**	**-**

Note 27 : Changes in Inventories	Period ended March 31,2021	Period ended March 31,2020
Opening Stock	-	-
Closing Stock	4,20,76,682	-
Total	**(4,20,76,682)**	**-**

Note 28 : Employee Benefit Expenses	Period ended March 31,2021	Period ended March 31,2020
Salaries and Wages	7,25,61,594	40,52,857
Contribution to Provident and other funds	43,87,911	2,62,867
Gratuity	56,19,861	3,43,000
Staff Welfare Expenses	5,92,183	90,031
Total	**8,31,61,549**	**47,48,755**

Note 29 : Finance Costs	Period ended March 31,2021	Period ended March 31,2020
Interest on Borrowings from Partner Company (Aster DM Healthcare Ltd)	2,26,19,894	6,76,430
Interest on Finance Lease (As per IND As 116)	1,37,34,764	-
Interest on Term Loan	55,82,511	-
Total	**4,19,37,169**	**6,76,430**

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Accompanying notes to the finanical statements for the year ended March 31, 2021

Note 30 : Fixed Assets & Depreciation Schedule

(Amount in Rs.)

Sl.No.	PARTICULARS	Gross Block				Accumulated Depreciation			Net Block	
		As at April 1, 2020	Additions during the Year	(Deletions) during the Year	As at March 31, 2021	As at April 1, 2020	Depreciation charge for the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
I	**Tangible Assets**									
	Leasehold improvements	-	7,90,66,559	-	7,90,66,559	-	77,96,128	77,96,128	7,12,68,431	-
	Plant & Machinery	-	10,11,50,412	-	10,11,50,412	-	96,39,862	96,39,862	9,15,10,550	-
	Furniture & Fixtures	-	16,64,837	-	16,64,837	-	2,62,417	2,62,417	14,22,420	-
	Office Equipment	-	78,76,959	-	78,76,959	-	5,64,207	5,64,207	73,12,752	-
	Computers	-	94,94,598	-	94,94,598	-	22,56,039	22,56,039	72,38,559	-
	Total	-	19,92,73,365	-	19,92,73,365	-	2,05,20,653	2,05,20,653	17,87,52,712	-
II	**EPCG Grant**									
	EPCG Grant (IND AS Asset)	-	83,38,949	-	83,38,949	-	8,33,895	8,33,895	75,05,054	-
	Total	-	83,38,949	-	83,38,949	-	8,33,895	8,33,895	75,05,054	-
III	**Capital Work In Progress(CWIP)**									
	Tangible Assets	1,19,80,898	54,12,673	1,19,80,898	54,12,673	-	-	-	54,12,673	1,19,80,898
	Leasehold Improvements	3,51,86,002	70,37,916	3,51,86,002	70,37,916	-	-	-	70,37,916	3,51,86,002
	EPCG Grant - Ind As	83,38,949	-	83,38,949	-	-	-	-	-	83,38,949
	Total	5,55,05,849	1,24,50,589	5,55,05,849	1,24,50,589	-	-	-	1,24,50,589	5,55,05,849
IV	**Intangible Assets**									
	Suvarna LIS Software	-	43,59,706	-	43,59,706	-	14,53,236	14,53,236	29,06,470	-
	Aster Labs - Website Development	-	8,59,040	-	8,59,040	-	1,42,781	1,42,781	7,16,259	-
	Total	-	52,18,746	-	52,18,746	-	15,96,017	15,96,017	36,22,729	-
V	**Intangible Assets Under Development**									
	Aster Labs - App Development	-	46,97,000	-	46,97,000	-	-	-	46,97,000	
	Total	-	46,97,000	-	46,97,000	-	-	-	46,97,000	-
V	**Right to use assets**	7,51,05,152	10,10,70,436	-	17,61,75,588	18,98,754	1,86,42,277	2,05,41,031	15,56,34,557	7,32,06,398
	Total	7,51,05,152	10,10,70,436	-	17,61,75,588	18,98,754	1,86,42,277	2,05,41,031	15,56,34,557	7,32,06,398
	GRAND TOTAL	13,06,11,001	33,10,49,085	5,55,05,849	40,61,54,237	18,98,754	4,15,92,842	4,34,91,596	36,26,62,641	12,87,12,247

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Note 31 : Other Expenses	Period ended March 31,2021	Period ended March 31,2020
Rent *	1,06,80,144	-
Repairs & Maintenance	18,79,005	-
Processing Fee & Stamp Duty Charges	14,73,150	-
Bio Medical Wastage discharge Charges	9,81,541	-
Lab Outsourcing Expenses	87,97,548	-
Insurance	9,16,946	-
Bank Charges	2,54,453	93,503
Communication Expenses	14,10,032	1,87,924
Manpower Hiring Expenses	1,33,39,915	8,80,045
Legal and Professional Charges	5,67,07,085	12,23,372
Audit Fees	3,64,800	60,000
Logistics Expenses	1,58,94,957	24,88,180
Miscellaneous Expenses	5,95,128	36,901
Office Administration Expenses	53,91,873	1,40,908
Power & Fuel	55,68,609	2,10,335
Notional Rent as per Ind AS 109	6,59,258	2,27,172
Rates and Taxes	10,15,784	87,332
Branding and advertisement	1,33,36,574	91,304
Travelling Expenses	9,91,373	7,81,003
Other Establishment expenses	11,82,428	-
Total	**13,94,40,604**	**64,87,979**

*

Rent includes operating lease charges paid on Machinery Rs.97,18,018 for short term lease and IT Server rent paid Rs.9,62,126

Note 31 : Payment to Auditors	Period ended March 31,2021	Period ended March 31,2020
As Auditor		
Statutory Audit Fees	3,00,000	60,000
Tax Audit Fees	-	-
Limited Review Fees	-	-
In Other Capacity		
Taxation matters	-	-
Company Law matters	-	-
Certification matters	-	-
Reimbursement of Expenses	64,800	-

Note 32 : 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 33 : Financial Risk Management Objectives and Policies

I The LLP's principal financial liabilities, comprise of borrowings from Partner Company, term loans from bank, trade and other payables. 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, inventories, receivables, and cash and cash equivalents. The LLP is exposed to market risk, credit risk and liquidity risk. The LLP's senior management oversees the management of these risks. The LLP'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.

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ii 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 management framework in relation to the risk faced by the LLP.

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.

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 34 : Employee Benefit Obligation	**Period ended March 31,2021**	**Period ended March 31,2020**
A Total employee Benefits Obligation		
Contribution to Provident Fund	13,55,266	1,85,043
Defined Benefit Plan - Gratuity - As per Actuarial Valuation	1,37,71,000	3,43,000
Total	**1,51,26,266**	**5,28,043**
B Reconciliation of Defined Benefit Obligation		
Defined Benefit obligation at beginning of year	3,43,000	-
Current Service Cost	32,00,000	3,43,000
Interest Cost	5,38,000	-
Actuarial Loss/ (Gain) from changes in demographic assumptions	(6,30,000)	-
Actuarial Loss/ (Gain) from changes in financial assumptions	(1,42,000)	-
Actuarial Loss/ (Gain) from experience over the past year	26,54,000	-
Transfer In/ (Out)	78,08,000	-
Total	**1,37,71,000**	**3,43,000**

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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	32,00,000	3,43,000
Net Interest Cost	5,38,000	-
Total	**37,38,000**	**3,43,000**
E Net Liability (Asset) recognized in the Balance Sheet		
Present Value of DBO	1,37,71,000	3,43,000
Fair value of plan assets at the end of the year	-	-
Liability (Asset) taken to Balance Sheet	**1,37,71,000**	**3,43,000**
F Actuarial Assumptions		
Salary Growth Rate	0.07	0.07
Discount Rate	0.07	0.07
Withdrawal Rate	0.08	0.02
Interest Rate in Net DBO	NA	NA
Mortality Rate	IALM 2012-14 (Ult)	IALM 2012-14 (Ult)
Expected Weighted Average duration of obligation	10 years	15 years
G Movement in Other Comprehensive Income		
Balance at start of year (Loss)/ Gain	-	-
Re-measurements on DBO		
a. Actuarial (Loss)/ Gain from changes in demographic assumptions	6,30,000	-
b. Actuarial (Loss)/ Gain from changes in financial assumptions	1,42,000	-
c. Actuarial (Loss)/ Gain from experience over the past year	(26,54,000)	-
Return on Plan Assets, Excluding Interest Income	-	-
Past Service Cost	-	-
Net (Income)/Expense For the Period Recognized in Other Comprehensive Income	**(18,82,000)**	-

Note 35 : Related Party Transactions

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

Name of the Party	Relationship
Aster DM Healthcare Ltd.	Partner Company
Ambady Infrastructure Private Limited	Partner Company
Aster DM Healthcare FZC	Company with Common Management
Aster DM Healthcare LLC	Company with Common Management
Medcare Hospital LLC	Company with Common Management
Malabar Institute of Medical Sciences Limited	Hospital Lab Management (HLM)
Sri Sainatha Multispeciality Hospitals P Ltd	Hospital Lab Management (HLM)

B Transactions with related parties during the reporting period

Name of the Party	Nature of transaction	Period ended March 31,2021	Period ended March 31,2020
Aster DM Healthcare Ltd.	Loans received	31,73,00,000	10,83,00,000
Aster DM Healthcare Ltd.	Service Income	22,59,79,509	-
Aster DM Healthcare Ltd.	Income for Blood Storage	63,341	-
Aster DM Healthcare Ltd.	Interest on Loan	2,26,19,894	29,44,374
Aster DM Healthcare Ltd.	Lab Consumption (Purchases)	3,54,52,210	-
Aster DM Healthcare Ltd.	Guarantee Commission on	3,57,505	-
Aster DM Healthcare Ltd.	IT Support Services Received	15,81,330	-
Aster DM Healthcare Ltd.	Gratuity Receivable	16,95,787	-
Aster DM Healthcare Ltd.	Telemedicine services received	6,65,088	-

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Aster DM Healthcare Ltd.	Expense Reimbursements Payable	36,11,961	60,15,155
Ambady Infrastructure Private Limited	Guarantee Commission on Term loan	303	-
Malabar Institute of Medical Sciences Limited	Service Income	6,80,99,718	-
Malabar Institute of Medical Sciences Limited	Lab Consumption (Purchases)	5,24,76,189	-
Malabar Institute of Medical Sciences Limited	Gratuity Receivable	60,66,812	-
Malabar Institute of Medical Sciences Limited	Expense Reimbursements Payal	74,056	-
Sri Sainatha Multispeciality Hospitals P Ltd	Service Income	67,71,086	-
Sri Sainatha Multispeciality Hospitals P Ltd	Lab Consumption (Purchases)	24,81,695	-
Sri Sainatha Multispeciality Hospitals P Ltd	Gratuity Receivable	45,540	-
Aster DM Healthcare FZC	Service Income	1,01,56,829	-
Aster DM Healthcare FZC	Lab Consumption (Purchases)	35,30,422	-
Aster DM Healthcare LLC	Service Income	42,47,122	-
Medcare Hospital LLC	Service Income	88,76,864	-

C Outstanding Balances as on March 31, 2021

Name of Party	Receivable / Payable	As at March 31, 2021	As at March 31, 2020
Aster DM Healthcare Ltd.	Payable	49,63,87,934	11,69,65,091
Aster DM Healthcare Ltd.	Receivable	18,26,04,897	-
Ambady Infrastructure Private Limited	Payable	303	-
Aster DM Healthcare FZC	Receivable	61,56,829	-
Aster DM Healthcare FZC	Payable	33,96,150	-
Aster DM Healthcare LLC	Receivable	30,02,850	-
Medcare Hospital LLC	Receivable	88,76,864	-
Malabar Institute of Medical Sciences Limited	Receivable	7,10,92,659	-
Malabar Institute of Medical Sciences Limited	Payable	5,25,50,245	-
Sri Sainatha Multispeciality Hospitals P Ltd	Receivable	34,57,463	-
Sri Sainatha Multispeciality Hospitals P Ltd	Payable	24,81,695	-

Note 36 : 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 31,2021	Period ended March 31,2020
Long term borrowings	10,54,00,000	-
Current maturities of long term debt	42,00,000	-
Short Term Borrowings	42,56,00,000	10,83,00,000
Less: Cash and Cash Equivalent	(1,30,71,386)	(1,05,73,340)
Net Debt	54,82,71,386	11,88,73,339
Total Capital	1,00,10,000	1,00,10,000
Gearing Ratio	1.83%	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.

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Note 37 : Contingent Liabilities	**As at March 31, 2021**	**As at March 31, 2020**
Estimated amounts of contracts remaining to be executed on capital account	32,87,146.00	4,49,85,461

In terms of our report of even date

For K.Rangamani and Associates LLP
Chartered Accountants
Firm Registration No.S200078

Ganesh Ramaswamy
Partner
Membership No. 27823
Place: Bengaluru
Date: 18/10/2021
UDIN- 21027823AAAA IR9103

For Aster Clinical Lab LLP

Harish Pillai
Designated Partner
DIN 07277973

Puja Aggarwal
Designated Partner
DIN 08601575

Place:
Date: