

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of financial position

as at 31 March 2021

	Note	As at 31 March 2021 AED	As at 31 March 2020 AED
Non-current assets			
Property, plant and equipment	12	1,046,518,578	960,604,554
Intangible assets and goodwill	13	386,790,787	395,282,115
Right-of-use assets	28	888,224,239	990,902,335
Long-term portion of prepayments	15	9,339,951	10,028,250
Equity accounted investees	17	29,691,530	36,656,288
		2,360,565,085	2,393,473,542
Current assets			
Inventories	14	392,055,414	429,937,026
Trade and other receivables	15	1,079,039,782	1,319,567,570
Cash and bank balances	16	85,401,267	59,009,710
Due from related parties	25	228,216,560	243,398,045
		1,784,713,023	2,051,912,351
Current liabilities			
Trade and other payables	18	939,000,815	984,851,947
Lease liabilities	28	93,773,298	76,196,490
Current tax liabilities		1,447,401	7,257,766
Dividend payable	20	-	1,432,275
Bank borrowings	21	224,208,417	429,033,408
Due to related parties	25	27,935,329	47,014,849
		1,286,365,260	1,545,786,735
Net current assets		498,347,763	506,125,616
Non-current liabilities			
Bank borrowings	21	729,216,770	807,549,006
Lease liabilities	28	914,731,308	998,824,089
Derivative financial liability	27	15,013,649	23,124,006
Provision for employees' end of services benefits	22	187,735,302	171,827,518
		1,846,697,028	2,001,324,619
Net assets		1,012,215,820	898,274,539
Represented by:			
Share capital	23	1,024,191,000	1,024,191,000
Legal reserve		40,840,893	40,840,893
Accumulated losses		(132,660,449)	(243,618,491)
Other components of equity		(19,145,146)	(13,846,689)
Equity attributable to equity holders of the Holding Company		913,226,298	807,566,713
Non-Controlling Interests (NCI)	30	98,989,522	90,707,826
Total equity		1,012,215,820	898,274,539

Dr. Azad Moopen
Chairman

Aster DM Healthcare FZC and its subsidiaries
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2021

	<i>Note</i>	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Revenue	7 (a)	3,280,530,054	3,513,781,795
Material cost	8	(991,899,950)	(1,115,090,701)
Pre-operative expenses written-off		(1,686,646)	(15,057,727)
Allowance for impairment of trade receivables	27 (c)	(125,433,228)	(87,841,313)
Loss on closure of operations		-	(9,455,121)
Administration, selling and general expenses	9	(1,719,702,573)	(1,765,695,760)
Unrealised gain / (loss) on derivative financial instrument	27 (g)	8,110,357	(20,290,961)
Share of loss from equity-accounted investees - net	17	1,666,851	(166,083)
Depreciation, amortization and impairment of intangible assets and goodwill	10	(211,224,342)	(211,411,699)
Finance costs	11	(123,108,396)	(140,446,472)
Other income	7 (b)	7,514,388	11,193,550
Profit before zakat and income tax		124,766,515	159,519,508
Zakat and income tax	19	(1,447,401)	(3,719,283)
Net profit for the year		123,319,114	155,800,225
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of net defined benefit liability, net of tax	22	(5,888,722)	2,781,686
Total comprehensive income for the year		117,430,392	158,581,911
Net profit attributable to:			
Owners of the Company		110,958,043	140,352,687
Non-Controlling Interests (NCI)		12,361,072	15,447,538
		123,319,114	155,800,225
Total comprehensive income attributable to:			
Owners of the Company		105,659,585	142,858,570
Non-Controlling Interests (NCI)	30	11,770,807	15,723,341
Total comprehensive income for the year		117,430,392	158,581,911

Aster DM Healthcare FZC and its subsidiaries

Consolidated statement of changes in equity

for the year ended 31 March 2021

	-----Attributable to Owners of the Company -----				Amounts in AED		
	Share capital	Legal reserve	Accumulated losses	Other components of equity	Total	Non Controlling Interests (NCI)	Total equity
At 1 April 2020	1,024,191,000	24,262,559	(209,090,713)	(16,352,552)	823,010,294	104,178,116	927,188,410
Adjustment of intital application of IFRS 16	-	-	(76,378,983)	-	(76,378,983)	(10,600,542)	(86,979,525)
Adjusted balance at 1 April 2019 *	1,024,191,000	24,262,559	(285,469,696)	(16,352,552)	746,631,311	93,577,574	840,208,885
Net profit for the year	-	-	140,352,687	-	140,352,687	15,447,538	155,800,225
<i>Other comprehensive income</i>							
Remeasurement of net defined benefit liability	-	-	-	2,505,863	2,505,863	275,803	2,781,666
Transfer to legal reserve	-	16,578,334	(16,578,334)	-	-	-	-
Transactions with Owners, recorded directly in equity					-		-
Dividend to the Parent Company	-	-	(48,820,815)	-	(48,820,815)	-	(48,820,815)
Dividend to NCI						(5,004,985)	(5,004,985)
Change in ownership interests in subsidiaries without loss of control							
Acquisition of subsidiary with NCI	-	-	-	-	-	4,613,200	4,613,200
Acquition of NCI			(33,102,333)	-	(33,102,333)	(21,897,667)	(55,000,000)
Adjustments on account of winding up of subsidiaries	-	-	-	-	-	3,696,363	3,696,363
At 31 March 2020	1,024,191,000	40,840,893	(243,618,491)	(13,846,689)	807,566,713	90,707,826	898,274,539
At 1 April 2020	1,024,191,000	40,840,893	(243,618,491)	(13,846,689)	807,566,713	90,707,826	898,274,539
Net profit for the year	-	-	110,958,043	-	110,958,043	12,361,072	123,319,114
<i>Other comprehensive income</i>							
Remeasurement of net defined benefit liability	-	-	-	(5,298,457)	(5,298,457)	(590,265)	(5,888,722)
Transactions with Owners, recorded directly in equity							
Dividend to NCI					-	(3,765,000)	(3,765,000)
Change in ownership interests in subsidiaries without loss of control							
Acquisition of subsidiary with NCI	-	-	-	-	-	275,889	275,889
At 31 March 2021	1,024,191,000	40,840,893	(132,660,449)	(19,145,146)	913,226,298	98,989,522	1,012,215,820

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Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
7 (a) Revenue from contracts with customers		
Hospitals and clinics	2,395,191,364	2,333,888,361
Pharmacies	883,783,342	1,177,571,085
Service income	1,555,348	2,322,349
	3,280,530,054	3,513,781,795
Revenue is recognised at a point in time.		
7 (b) Other income		
Receipt against prior year allowances for credit losses on receivables	-	1,638,090
Income from canteen	1,170,809	1,458,959
Income from training	230,968	245,891
Other miscellaneous income	6,112,611	7,850,610
	7,514,388	11,193,550
8 Material cost		
Cost of materials sold	687,560,674	810,655,769
Materials consumed at clinics and hospitals	304,339,276	304,434,932
	991,899,950	1,115,090,701
9 Administration, selling and general expenses		
Staff salaries and benefits (Including consultant doctors)	1,261,105,214	1,417,301,705
Rent	33,802,147	48,968,717
Advertisement and sales promotion	24,501,938	39,004,302
Water and electricity	29,405,671	25,613,686
Legal & professional fees	20,608,017	21,050,272
License and visa fee	19,824,577	19,871,486
Repairs and maintenance	31,972,327	19,013,525
Communication	14,940,591	12,761,898
Printing and stationery	6,843,114	5,776,145
Travelling & conveyance	13,698,049	6,872,155
Insurance	5,908,794	4,252,082
Equity settled share based payment transactions	943,163	259,984
Lab outsourcing charges	127,479,401	11,874,238
Others	128,669,569	133,075,564
	1,719,702,573	1,765,695,760
10 Depreciation and amortization of intangible assets		
Depreciation	92,622,501	98,582,609
Depreciation on right of use asset	102,841,365	101,847,177
Impairment of goodwill	-	2,517,989
Amortisation of intangible assets	15,760,477	8,463,924
	211,224,342	211,411,699
11 Finance costs		
Interest on bank borrowings	54,785,007	75,309,360
Interest on lease liabilities	51,777,238	50,266,206
Bank charges	16,546,151	14,870,906
	123,108,396	140,446,472

12. Property, plant and equipment

Amounts in AED

	Land	Building & constructions	Office premises, leasehold improvements & interior decoration	Furniture & fixtures	Instruments & equipments	Computers	Office equipments	Motor vehicles	Capital work in progress	Total
Cost										
Balance at 1 April 2019	10,171,517	58,090,029	471,075,455	138,600,970	447,052,564	34,697,733	75,183,922	21,123,113	218,252,785	1,474,248,088
Additions / transfers	-	2,084,375	30,820,198	6,142,773	21,873,997	5,669,795	2,955,943	1,533,315	188,218,028	259,298,424
Acquisition through business combinations (refer notes 2.2 (i) to (iv))	-	70,163	-	2,094,462	428,022	18,913	142,967	33,648	-	2,788,175
Disposals	-	-	(11,235,191)	(513,834)	(4,054,629)	(430,425)	(684,211)	(416,249)	(77,031,921)	(94,366,460)
Disposal of subsidiaries (refer note 2.2 (v))	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2020	10,171,517	60,244,567	490,660,462	146,324,371	465,299,954	39,956,016	77,598,621	22,273,827	329,438,892	1,641,968,227
Balance at 1 April 2020	10,171,517	60,244,567	490,660,462	146,324,371	465,299,954	39,956,016	77,598,621	22,273,827	329,438,892	1,641,968,227
Acquisition through business combinations (refer notes 2.1 (i) to (iv))	-	-	-	-	-	-	-	-	-	-
Additions / transfers	-	18,304,932	32,098,967	4,969,581	22,763,283	7,684,074	1,558,003	428,443	143,058,717	230,865,999
Disposals / transfers	-	-	(13,290,878)	(316,850)	(9,210,765)	(566,618)	(31,159)	(80,899)	(32,505,762)	(56,002,932)
Balance at 31 March 2021	10,171,517	78,549,499	509,468,550	150,977,102	478,852,472	47,073,472	79,125,464	22,621,371	439,991,847	1,816,831,294
Accumulated depreciation										
Balance at 1 April 2019	-	24,293,189	152,770,731	101,235,498	225,324,436	25,950,723	43,068,757	16,143,948	-	588,787,282
Depreciation charge for the year (refer note 10)	-	2,747,811	32,830,380	16,741,582	31,216,211	6,646,565	5,742,813	2,657,247	-	98,582,609
On disposals	-	-	(3,779,975)	(407,424)	(861,323)	(242,055)	(298,622)	(416,819)	-	(6,006,218)
Disposal of subsidiaries (refer note 2.2 (v))	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2020	-	27,041,000	181,821,136	117,569,656	255,679,324	32,355,233	48,512,948	18,384,376	-	681,363,673
Balance at 1 April 2020	-	27,041,000	181,821,136	117,569,656	255,679,324	32,355,233	48,512,948	18,384,376	-	681,363,673
Depreciation charge for the year (refer note 10)	-	2,966,190	29,084,636	13,349,381	32,693,742	7,623,119	5,229,861	1,675,571	-	92,622,501
On disposals	-	-	(127,195)	(229,476)	(2,934,833)	(195,757)	(3,268)	(182,929)	-	(3,673,458)
Balance at 31 March 2021	-	30,007,190	210,778,577	130,689,561	285,438,234	39,782,595	53,739,541	19,877,018	-	770,312,716
Net book value as at 31 March 2021	10,171,517	48,542,309	298,689,973	20,287,541	193,414,238	7,290,877	25,385,923	2,744,353	439,991,847	1,046,518,578
Net book value as at 31 March 2020	10,171,517	33,203,567	308,839,326	28,754,715	209,620,630	7,600,783	29,085,673	3,889,451	329,438,892	960,604,554

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

13. Intangible assets and goodwill

	Amounts in AED		
	Goodwill	Intangible assets	Total
Cost			
Balance at 1 April 2019	222,375,500	73,345,918	295,721,418
Transition impact of IFRS 16	-	(18,900,000)	(18,900,000)
Acquisition through business combinations	92,156,844	67,685,885	159,842,729
Additions during the year	-	1,138,554	1,138,554
Disposal of subsidiaries	(1,817,989)	-	(1,817,989)
Balance at 31 March 2020	312,714,355	123,270,357	435,984,712
Balance at 1 April 2020	312,714,355	123,270,357	435,984,712
Transition impact of IFRS 16	-	-	-
Acquisition through business combinations (refer notes 2.1 (i) to (iv))	-	-	-
Additions during the year	-	7,370,322	7,370,322
Disposals	-	(101,173)	(101,173)
Balance as at 31 March 2021	312,714,355	130,539,506	443,253,861
Accumulated amortisation and impairment losses			
Balance at 1 April 2019	4,721,251	27,070,547	31,791,798
Transition impact of IFRS 16	-	(253,125)	(253,125)
Amortization during the year	-	8,463,924	8,463,924
Impairment loss	2,517,989	-	2,517,989
Disposal of subsidiaries	(1,817,989)	-	(1,817,989)
Balance at 31 March 2020	5,421,251	35,281,346	40,702,597
Balance at 1 April 2020	5,421,251	35,281,346	40,702,597
Transition impact of IFRS 16	-	-	-
Amortization during the year	-	15,760,477	15,760,477
Impairment loss	-	-	-
Disposals	-	-	-
Balance as at 31 March 2021	5,421,251	51,041,823	56,463,074
Net book value as at 31 March 2021	307,293,104	79,497,683	386,790,787
Net book value as at 31 March 2020	217,654,249	46,275,371	395,282,115

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

	As at 31 March 2021 AED	As at 31 March 2020 AED
Pharmacies	129,676,272	129,676,272
Hospitals	108,722,945	108,722,945
Clinics	68,893,887	68,893,887
	307,293,104	307,293,104

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

- Estimated cash flow for five years based on formal approved internal management budgets with extrapolation of remaining period, wherever such budgets were shorter than the five years period.
- Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity using long-term growth rates. These long-term growth rates take into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry.

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

Particulars	As at 31 March 2021	As at 31 March 2020
	Discount rate	13% - 20.0%
Terminal value growth rate	2.0% - 5.0%	2.0% - 5.0%
Weighted average cost of capital (WACC) before tax - equity	12% - 22.0%	16% - 22.0%
Weighted average cost of capital (WACC) before tax - debt	1% - 3%	4% - 6%

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

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

	As at 31 March 2021 AED	As at 31 March 2020 AED
14 Inventories		
At Pharmacies	320,790,447	351,257,659
At Clinics	12,689,870	16,231,219
Consumables	58,575,097	62,448,148
	<u>392,055,414</u>	<u>429,937,026</u>
	As at 31 March 2021 AED	As at 31 March 2020 AED
15 Trade and other receivables		
Trade receivables	1,281,081,246	1,315,009,612
Less : allowance for expected credit losses	<u>(386,878,459)</u>	<u>(305,504,955)</u>
	894,202,787	1,009,504,657
Unbilled revenue	3,454,337	15,515,413
Other receivables	<u>132,515,010</u>	<u>237,081,736</u>
	1,030,172,134	1,262,101,806
Prepayments	48,867,647	57,465,764
Long term portion of prepayments	<u>9,339,951</u>	<u>10,028,250</u>
	1,088,379,733	1,329,595,820
Non-current portion	9,339,951	10,028,250
Current portion	<u>1,079,039,782</u>	<u>1,319,567,570</u>
	1,088,379,733	1,329,595,820
The Group's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in note 27(c).		
	As at 31 March 2021 AED	As at 31 March 2020 AED
16 Cash and bank balances		
Cash in hand	5,534,819	6,311,800
Bank balances	<u>79,866,448</u>	<u>52,697,910</u>
	85,401,267	59,009,710
Cash and cash equivalents consists of the following for the purpose of the consolidated statement of cash flows:		
Cash and bank balances (as above)	85,401,267	59,009,710
Bank overdraft	<u>(8,914,353)</u>	<u>(39,010,202)</u>
	76,486,914	19,999,508
	As at 31 March 2021 AED	As at 31 March 2020 AED
17 Equity accounted investees		
Investment in associates	10,540,530	3,005,288
Advance against investments	<u>19,151,000</u>	<u>33,651,000</u>
	29,691,530	36,656,288

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

18 Trade and other payables

	As at 31 March 2021 AED	As at 31 March 2020 AED
Trade payables	474,435,868	539,468,408
Payable towards acquisition of additional interest from non-controlling interests	10,995,000	10,995,000
Payable to partners in clinics and pharmacies*	10,293,966	6,080,768
Accrued expenses and other payables	443,275,981	428,307,771
	<u>939,000,815</u>	<u>984,851,947</u>

*Represents the minority stake and share of profits payable to individuals relating to some of the clinics and pharmacies taken over by the subsidiaries of the Group.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

19 Zakat charge and income tax expense

	Year ended 31 March 2021 AED	Year ended 31 March 2020 AED
Income tax	(741,210)	619,096
Zakat charge*	2,188,611	3,100,187
	<u>1,447,401</u>	<u>3,719,283</u>

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

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarised below:

20 Dividend payable

	As at 31 March 2021 AED	As at 31 March 2020 AED
Opening balance	1,432,275	-
Add: dividend declared during the year	-	34,347,225
Less: distribution during the year	(1,432,275)	(32,914,950)
	<u>-</u>	<u>1,432,275</u>

21 Bank borrowings

	As at 31 March 2021 AED	As at 31 March 2020 AED
<u>Non-current liabilities</u>		
Bank loans	729,130,651	807,435,994
Vehicle loans	86,118	113,012
	<u>729,216,770</u>	<u>807,549,006</u>
<u>Current liabilities</u>		
Bank loans	215,294,064	390,023,206
Bank overdraft	8,914,353	39,010,202
	<u>224,208,417</u>	<u>429,033,408</u>
	<u>953,425,187</u>	<u>1,236,582,414</u>

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

21 Bank borrowings (continued)

a) Schedule of borrowings:

Name of the bank	Currency	As at 31 March 2021		As at 31 March 2020	
		Face Value (AED)	Carrying Amount (AED)	Face Value (AED)	Carrying Amount (AED)
Axis Bank Limited	USD	740,994,239	740,994,239	963,058,370	963,058,370
Citi Bank *	AED	679,708	679,708	-	-
Commercial Bank of Dubai	AED	6,700	6,700	4,432,103	4,432,103
Dubai Islamic Bank	AED	50,000,000	50,000,000	37,000,000	37,000,000
Emirates Islamic Bank	AED	20,130,706	20,111,599	20,000,000	20,000,000
Emirates NBD	AED	79,418	79,418	151,089	151,089
ICICI Bank	USD	-	-	36,719,956	36,719,956
Mashreq Bank	AED	66,366,311	66,366,311	118,412,265	118,412,265
National Bank of Abu Dhabi	JOD	-	-	8,013,438	8,013,438
National Bank of Oman	OMR	63,440,148	63,440,148	35,796,570	35,796,570
Standard Chartered Bank	AED	39,148	39,148	8,162,801	8,162,801
United Arab Bank	AED	3,752,381	3,752,381	4,766,667	4,766,667
Société Générale De Banque – Jordanie	JOD	7,936,429	7,936,429	-	-
RAK Bank	AED	-	-	69,155	69,155
		953,425,187	953,406,080	1,236,582,414	1,236,582,414

b) The bank facilities has the following securities:

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

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

- Leverage ratio not to exceed 3.5;
- Debt equity ratio: not to exceed 1.75;

On 31 March 2020, the lender bank waived the requirement to comply with Leverage ratio of <3. Subsequent to the year end, on 29 April 2020 an amendment agreement was signed between the Group and the lender bank, whereby, the Group was required to comply with Leverage ratio of <3.5 and Debt to Equity ratio of <1.75 as at 31 March 2020. The Group was in compliance with above mentioned covenants.

These facilities carry an interest rate of 2.25% p.a to 6.5% p.a and repayment period available till 2027.

d) Changes in liabilities arising from financing activities for the year ended 31 March 2020

	1 April 2020	Cash flows	Changes in fair values	Acquisition/ Transfer	31 March 2021
Bank borrowings	999,140,803	(76,217,870)	-	21,587,900	944,510,833
Derivative financial instrument	2,833,045	-	(8,110,357)	-	(5,277,312)
Total	1,001,973,848	(76,217,870)	(8,110,357)	21,587,900	939,233,521

Changes in liabilities arising from financing activities for the year ended 31 March 2019

	1 April 2019	Cash flows	Changes in fair values	Acquisition/ Transfer	31 March 2020
Bank borrowings	999,140,803	176,843,509	-	21,587,900	1,197,572,212
Derivative financial instrument	2,833,045	-	20,290,961	-	23,124,006
Total	1,001,973,848	176,843,509	20,290,961	21,587,900	1,220,696,218

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

	As at 31 March 2021 AED	As at 31 March 2020 AED
22 Provision for employees' end of service benefits		
<i>Movement in employees' end of service benefits during the year is as follows:</i>		
Opening balance	171,827,518	148,631,000
Provision made during the year	42,980,710	41,167,968
Less: amount paid during the year	(27,072,926)	(17,971,450)
Less: Disposal of subsidiaries	-	-
	<u>187,735,302</u>	<u>171,827,518</u>

Particulars	As at 31 March 2021 AED	As at 31 March 2020 AED
Obligations at the beginning of the year	171,827,518	148,631,000
Current service cost	33,108,108	39,193,424
Interest cost	3,983,881	4,756,230
Actuarial loss/(gain)	5,888,722	(2,781,686)
Benefits paid	(27,072,926)	(17,971,450)
Obligations at the end of the year	<u>187,735,302</u>	<u>171,827,518</u>

Reconciliation of present value of the obligation and the fair value of the plan assets:

Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	187,735,302	195,024,035
Net liability recognized in the consolidated statement of financial position	<u>187,735,302</u>	<u>195,024,035</u>

Expense recognised in the consolidated profit and loss

i) Expense recognised in the consolidated profit and loss

Current service cost	33,108,108	39,193,424
Interest cost	3,983,881	4,756,230
	<u>37,091,989</u>	<u>43,949,654</u>

ii) Remeasurements recognised in other comprehensive income

Actuarial (gain) /loss	5,888,722	(2,781,686)
	<u>5,888,722</u>	<u>(2,781,686)</u>

Assumptions:

Discount rate (per annum)	1% - 2%	2.3% - 2.5%
Rate of increase in compensation levels*	2% - 3.5%	2% - 3.5%
Attrition rates	15%	15%
Expected average remaining working life of employees	4 to 5 years	4 to 5 years
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)

*The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Sensitivity analysis

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

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(9,213,844)	10,248,743	(8,333,020)	9,211,860
Future salary increase (1% movement)	10,060,294	(9,230,966)	9,132,280	(8,424,020)
Attrition rate (1% movement)	(430,286)	469,123	98,800	(115,680)

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

	As at 31 March 2021 AED	As at 31 March 2020 AED
23 Share capital		
<i>Issued and paid up</i>		
1,024,191 shares of AED 1,000 each (2020: 1,024,191 shares of AED 1,000 each)	1,024,191,000	1,024,191,000
	<u>1,024,191,000</u>	<u>1,024,191,000</u>

Ordinary shares

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

24 Legal reserve

The legal reserve represents the legal reserves of the LLC / WLL companies in the Group created according to Article 255 of the UAE Commercial Companies Law, Article (176) of Kingdom of Saudi Arabia Companies System, Bahrain Commercial Companies Law 2001 and Article 154 of the Sultanate of Oman's Commercial Law of 1974. It is a minimum of 10% of the net profit of the LLC / WLL companies, allocated every year to a legal reserve, which is not distributable. Such allocations may be ceased when the legal reserve equals half of the paid-up share capital. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned laws. The Group has transferred an amount of AED Nil. (2020: AED 16,578,334) to the legal reserve.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

25 Related party balances and transactions

The Group, in the normal course of business, enters into transactions with other business entities and individuals that fall within the definition of related parties as contained in International Accounting Standard No. 24. The aggregate values of transactions entered into with related parties are as follows other than those already disclosed elsewhere in these consolidated financial statements.:

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

A) Enterprises where control exist

(a) Parent Company	Affinity Holdings Private Limited, Mauritius
(b) Ultimate Parent Company	Aster DM Healthcare Limited, India
(c) Subsidiaries and associates	Refer note 31
(d) Fellow subsidiaries of the Parent Company	Dr. Moopens Healthcare Management Services WLL Wellcare Polyclinic WLL E-Care International Medical Billing Services Co. LLC

B) Other related parties with whom the Group has transactions during the year

(a) Key managerial personnel and their relatives:	Dr. Azad Moopen (Chairman and Managing Director) Mrs. Alisha Moopen (Deputy Managing Director) Mr. Sreenath Reddy (Chief Financial Officer) Mr. Wilson T Joseph (Director)
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(ii) Related party transactions	As at 31 March 2021 AED	As at 31 March 2020 AED
Key management personnel		
Management remuneration and short-term employee benefits	15,659,813	13,157,199
Rental expenses	296,000	296,000
Short term loans and advances given / (repaid)		
Affinity Holdings Private Limited	(9,418)	4,038,427
Advance given/ (received) during the year		
Aries Holdings FZC	(20,193,691)	15,457,209
AAQ Healthcare Investments LLC	499,573	3,556,473

(iii) Related party balances

Due from related parties	As at 31 March 2021 AED	As at 31 March 2020 AED
Affinity Holdings Pvt. Ltd.	169,262,383	169,271,801
Aries Holdings FZC	10,185,325	30,379,017
AAQ Healthcare Investments LLC	17,595,897	17,096,324
Medcare Mutaimaiza Investment LLC	-	-
Union Investments Private Limited, Mauritius	598,619	598,619
Dr. Moopens Healthcare Management Services WLL, Qatar	7,225,973	6,247,595
E-Care International Medical Billing Services Co. LLC	1,716,992	-
Al Shafar Group of Companies	-	3,477,171
Koval Haji	2,014,887	-
Dr. A.R.Saleem	4,007,598	3,277,148
Grace Healthcare Consultants LLC	-	190,589
Mr.Salim K.K.	-	326,800
Health plus	7,138,406	7,005,247
Dr. Pakkar Koya	1,300,991	1,094,228
Others*	7,169,488	4,433,507
	228,216,560	243,398,045

* Represents funds advanced to minority stakeholders of certain clinics, taken over by the subsidiaries of the Group.

Due to related parties	As at 31 March 2021 AED	As at 31 March 2020 AED
Aster DM Healthcare Limited, India	18,973,162	13,564,517
E-Care International Medical Billing Services Co. LLC	-	18,902,471
Others	7,881,113	13,654,536
Managerial remuneration payable	1,081,054	893,325
	27,935,329	47,014,849

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

26 Contingent liabilities and commitments

	As at 31 March 2021 AED	As at 31 March 2020 AED
a) Contingent liabilities		
Bank guarantees	<u>7,687,666</u>	<u>1,466,250</u>
	<u>7,687,666</u>	<u>1,466,250</u>
b) Commitments		
Capital commitments*	<u>77,836,177</u>	<u>83,427,553</u>
	<u>77,836,177</u>	<u>83,427,553</u>

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

27 Financial instruments

(a) Accounting classification and fair values

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

	Carrying amount				Fair value			
	FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
31 March 2021								
Financial assets not measured at fair value*								
Trade and other receivables	-	1,030,172,134	-	1,030,172,134	-	-	-	-
Cash and bank balances	-	79,866,448	-	79,866,448	-	-	-	-
Due from related parties	-	228,216,560	-	228,216,560	-	-	-	-
	-	1,338,255,143	-	1,338,255,143				
Financial liabilities not measured at fair value*								
Bank borrowings	-	-	953,425,187	953,425,187	-	-	-	-
Due to related parties	-	-	27,935,329	27,935,329	-	-	-	-
Trade and other payables	-	-	928,005,815	928,005,815	-	-	-	-
Lease liabilities	-	-	1,008,504,606	1,008,504,606	-	-	-	-
Financial liabilities measured at fair value								
Payable to minority shareholders towards acquisitions	10,995,000	-	-	10,995,000	-	-	10,995,000	10,995,000
Forward contract payable	15,013,649	-	-	15,013,649	-	15,013,649	-	15,013,649
	26,008,649	-	2,917,870,936	2,943,879,585	-	15,013,649	10,995,000	26,008,649
31 March 2020								
Financial assets not measured at fair value*								
Trade and other receivables	-	1,262,101,806	-	1,262,101,806	-	-	-	-
Cash and bank balances	-	52,697,910	-	52,697,910	-	-	-	-
Due from related parties	-	243,398,045	-	243,398,045	-	-	-	-
	-	1,558,197,761	-	1,558,197,761				
Financial liabilities not measured at fair value*								
Bank borrowings	-	-	1,236,582,414	1,236,582,414	-	-	-	-
Due to related parties	-	-	47,014,849	47,014,849	-	-	-	-
Trade and other payables	-	-	973,856,947	973,856,947	-	-	-	-
Lease liabilities	-	-	1,075,020,579	1,075,020,579	-	-	-	-
Financial liabilities measured at fair value								
Payable to minority shareholders towards acquisitions	10,995,000	-	-	10,995,000	-	-	10,995,000	10,995,000
Forward contract payable	23,124,006	-	-	23,124,006	-	23,124,006	-	2,833,045
	34,119,006	-	3,332,474,789	3,366,593,794	-	23,124,006	10,995,000	13,828,045

*The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade receivables, trade payables etc, because their carrying amounts are a reasonable approximation of fair value.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

27 Financial instruments (continued)

(b) Measurement of fair values

The following methods and assumptions were used to estimate fair values:

Level 3 fair values

The significant unobservable inputs used in the fair value measurement of the level 3 fair values together with a quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

Reconciliation of level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

Particulars	Contingent consideration
Balance at 1 April 2019	(10,995,000)
Gain included in the consolidated profit or loss	
Net change in fair value (unrealised)	-
Balance as at 31 March 2020	(10,995,000)
Balance at 1 April 2020	(10,995,000)
Gain included in the consolidated profit or loss	
Net change in fair value (unrealised)	-
Balance as at 31 March 2021	(10,995,000)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified to equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated profit or loss.

(c) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	As at 31 March 2021 AED	As at 31 March 2020 AED
Trade receivables	894,202,787	1,009,504,657
Unbilled revenue	3,454,337	15,515,413
Other receivables	132,515,010	237,081,736
Bank balances	79,866,448	52,697,910
Due from related parties	228,216,560	243,398,045
	1,338,255,143	1,558,197,761

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

27 Financial instruments (continued)

(c) Credit risk (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	As at 31 March 2021 AED	As at 31 March 2020 AED
Opening balance	305,504,955	231,452,737
Less: Provision for disposed subsidiaries	-	-
Impairment loss for the year	125,433,228	87,841,313
Impairment loss adjusted against trade receivables	(44,059,724)	(13,789,095)
Closing balance	386,878,459	305,504,955

(d) Liquidity risk

The following are the contractual maturities of financial liabilities and excluding the impact of offsetting of agreements:

Financial liabilities	Carrying amount	Contractual cash flows	In AED	
			Less than 1 year	More than 1 year
31 March 2021				
Trade and other payables	939,000,815	(939,000,815)	(939,000,815)	-
Lease liabilities	1,008,504,606	(1,008,504,606)	(93,773,298)	(914,731,308)
Bank borrowings	953,425,187	(953,425,187)	(224,208,417)	(729,216,770)
Derivative financial liability	15,013,649	(15,013,649)	(15,013,649)	-
Due to related parties	27,935,329	(27,935,329)	(27,935,329)	-
Total	2,943,879,585	(2,943,879,585)	(1,299,931,508)	(1,643,948,077)
31 March 2020				
Trade and other payables	984,851,947	(984,851,947)	(984,851,947)	-
Lease liabilities	1,075,020,579	(1,075,020,579)	(76,196,490)	(998,824,089)
Bank borrowings	1,236,582,414	(1,236,582,414)	(429,033,408)	(807,549,006)
Derivative financial liability	23,124,006	(23,124,006)	(23,124,006)	-
Due to related parties	47,014,849	(47,014,849)	(47,014,849)	-
Total	3,366,593,794	(3,366,593,794)	(1,560,220,699)	(1,806,373,095)

(e) Currency risk

Currency risk faced by the Group is minimal as the Group is not exposed to significant foreign currency exposure and most of the currencies the Group deals in are pegged to the US Dollar. Transactions in Kuwaiti Dinar, Indian Rupee and Philippines Peso are limited. Furthermore, the operations in Kuwait and Philippines were disposed off during the current year. Also refer note 2.1 (vi)

(f) Interest rate risk

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

Financial liabilities

	As at 31 March 2021 AED	As at 31 March 2020 AED
Fixed rate instrument (bank borrowings)	(36,032,764)	(36,032,764)
Variable rate instrument (bank borrowings)	(917,392,423)	(1,200,549,650)
Total	(953,425,187)	(1,236,582,414)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (BP) in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Effect in AED	
	100 BP increase	100 BP decrease
31 March 2021		
Variable rate instruments	(9,173,924)	9,173,924
31 March 2020		
Variable rate instruments	(12,005,497)	12,005,497

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

27 Financial instruments (continued)

(g) Derivative financial instrument

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

	2021		2020	
	Fair value AED	Notional amount AED	Fair value AED	Notional amount AED
Interest rate swap	(15,013,649)	(412,411,823)	(23,124,006)	(412,411,823)

The long-term loan agreement of the Group carries interest at 1 month LIBOR plus applicable margins. The Group has entered into separate interest rate swap agreement ("IRS"), whereby, the Group has agreed to pay the bank a fixed interest in the range of 1.73-2.44% and receive LIBOR, based on the notional amounts as agreed in the IRS agreement. The Group has recognised the difference in fair value of interest rate swap amounting to AED 20,290,961 as unrealised loss on derivative financial instrument in these consolidated financial statements.

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

28 Leases

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

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

Right-of-use assets are presented on the balance sheet.

	Amounts in AED
Balance at 1 April 2020	990,902,335
Acquisition through business combinations	-
Addition to right-of-use assets	58,123,469
Disposals/ transfers/ alteration	(46,341,176)
Depreciation for the year	(102,841,365)
Depreciation capitalised for the year	(11,619,024)
Balance at 31 March 2021	888,224,239

(ii) Lease liabilities

Following are the changes in the lease liabilities for the year ended 31 March 2020:

Particulars	Amounts in AED
Balance at 1 April 2020	1,075,020,579
Additions	61,617,569
Finance cost accrued during the year	51,777,238
Finance cost transferred to capital-work-in-progress	5,422,005
Disposals/ transfers/ alteration	(52,758,685)
Payment of lease liabilities	(132,574,100)
Balance at 31 March 2021	1,008,504,606
Non-current lease liabilities	914,731,308
Current lease liabilities	93,773,298

(iii) Amounts recognised in the consolidated profit or loss

	Year ended 31 March 2020
Interest on lease liabilities	51,777,238
Depreciation on right-of-use assets	102,841,365

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

	Year ended 31 March 2021
Principal payment	75,374,857
Add: Finance cost paid	57,199,243
Total cash outflow for leases	132,574,100

(v) Maturity analysis – contractual undiscounted cash flows

Particulars	Year ended 31 March 2021
Less than one year	122,419,531
One to five years	372,577,056
More than five years	1,281,692,930
Total undiscounted lease liabilities at 31 March 2021	1,776,689,517

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

29 Accounting estimates and judgments

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

a) Impairment losses on receivables

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade receivables. The Group recognises loss allowances for ECLs on financial assets measured at amortised cost at an amount equal to lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

b) Impairment losses on inventories

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

c) Goodwill impairment

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

Key assumptions used in value in use calculations

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

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

Discount rates - These represent the cost of capital determined by management based on its bank borrowings rates, adjusted for country and market risk factors.

Sensitivity to changes in assumptions

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

d) Impairment of property, plant and equipment

The recoverable amount of property, plant and equipment is based on the "value in use" calculation. Provision for impairment is made where the net realizable value is less than the carrying value, based on best estimates by the management.

e) Actuarial assumption

Refer note 22 for key actuarial assumptions used in measurement of defined benefit obligations.

f) Contingent consideration

Refer note 27 (b) for details of fair value assumptions used for valuation of contingent consideration.

e) Lease term and incremental borrowing rate

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

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

- If there are significant penalties (contractual) to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)
- Group also considers other factors including current market conditions, historical impairments on related CGUs, business plans etc.

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

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

Aster DM Healthcare FZC and its subsidiaries

Notes to the consolidated financial statements (continued)

30 Non-controlling interest (“NCI”)

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

In AED

Medcare Hospital LLC

NCI percentage (2021) 15.00%

31 March 2021

Balance sheet information:

Non-current assets	905,718,097
Current assets	359,952,717
Non-current liabilities	(387,133,818)
Current liabilities	(283,251,214)

Net assets (100%) 595,285,782

Carrying amount of NCI 89,292,867

Income statement information:

Revenue	890,490,947
Profit	84,505,190

Total comprehensive income 84,505,190

Profit allocated to NCI 12,675,778

NCI percentage (2020) 15.00%

31 March 2020

Balance sheet information:

Non-current assets	757,783,783
Current assets	387,039,623
Non-current liabilities	(416,446,264)
Current liabilities	(195,096,551)

Net assets (100%) 533,280,591

Carrying amount of NCI 79,992,089

Income statement information:

Revenue	893,983,300
Profit	111,685,549

Total comprehensive income 111,685,549

Profit allocated to NCI 16,752,832