

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Partners of HCG Manavata Oncology LLP

### Opinion

We have audited the accompanying Statement of Accounts of HCG Manavata Oncology LLP ("the LLP"), which comprise the Statement of Assets and Liabilities as at 31 March 2021, the Statement of Income and Expenditure, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred to as "the Statement of Accounts"). The Statement of Accounts have been prepared by the LLP's Management as required by rule 24(8) of the Limited Liability Partnership Rules, 2009 ("the Rules").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Statement of Accounts give a true and fair view of the financial position of the LLP as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by Institute of Chartered Accountants of India.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Statement of Accounts* 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to Note 2.2 in the Statement of Accounts, which describes the economic and social consequences the LLP is facing as a result of COVID-19 which is impacting supply chains/demand/personnel available for work and/or being able to access offices/hospitals. Our opinion is not modified in respect of this matter.

### Management's Responsibility for the Statements of Accounts

The LLP's Management is responsible for the preparation of these Statement of Accounts that give a true and fair view of the financial position, financial performance and cash flows of the LLP in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI and the provisions of the Limited Liability Partnership Act, 2008 ("the Act"). This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 presentation of the Statement of Accounts that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **INDEPENDENT AUDITORS' REPORT (continued)**

### **Management's Responsibility for the Statements of Accounts (continued)**

In preparing the Statement of Accounts, LLP's 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 LLP's Management either intend to liquidate the LLP or to cease operations, or has no realistic alternative but to do so.

Management is also responsible for overseeing the LLP's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Statements of Accounts**

Our objectives are to obtain reasonable assurance about whether the Statement of Accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Statement of Accounts.

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 Statement of Accounts, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the LLP's Management.
- Conclude on the appropriateness of the LLP's Management 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 Statement of Accounts 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 auditors' 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 Statement of Accounts, including the disclosures, and whether the Statement of Accounts represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITORS' REPORT (continued)**

**Auditor's Responsibilities for the Audit of the Statements of Accounts (continued)**

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide the Management 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.

For **B S R & Co LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022



**Siddhartha Sharma**  
Partner  
Membership No. 118756  
UDIN: 21118756AAAABW7824

Place: Bengaluru  
Date: 07 September 2021

**HCG Manavata Oncology LLP**  
**Statement of assets and liabilities**  
(All amounts in Indian rupees, except share data and unless otherwise specified)


	Note No.	As at 31 March 2021	As at 31 March 2020
<b>Contribution and liabilities</b>			
<b>Partners' funds</b>			
Contribution	3	657,033,098	554,320,230
Reserves and surplus	4	(22,656,268)	71,836,528
		<b>634,376,830</b>	<b>626,156,758</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	338,635,534	408,565,940
Deferred tax liabilities, net	6	67,296,552	72,604,387
Other non-current liabilities	7	121,383,840	98,149,828
Long-term provisions	8	5,553,372	2,519,557
		<b>532,869,298</b>	<b>581,839,712</b>
<b>Current liabilities</b>			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	9	-	-
Total outstanding dues of creditors other than micro enterprises	9	105,192,547	182,176,748
Other current liabilities	10	194,130,087	178,198,590
Short-term provisions	11	121,454,801	2,038,830
		<b>420,777,435</b>	<b>362,414,168</b>
<b>Total</b>		<b>1,588,023,563</b>	<b>1,570,410,638</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment			
-Tangible assets	12	1,295,616,056	1,265,822,432
-Intangible assets	12	301,800	351,100
-Capital work-in-progress		-	1,864,000
Long-term loans and advances	13	51,698,056	55,391,953
Other non-current assets	14	11,747,318	64,152,264
		<b>1,359,363,230</b>	<b>1,387,581,749</b>
<b>Current assets</b>			
Inventories	15	11,568,391	11,165,518
Trade receivables	16	112,209,127	106,996,560
Cash and bank balances	17	78,179,970	40,639,089
Short-term loans and advances	18	5,378,867	4,525,170
Other current assets	19	21,323,978	19,502,552
		<b>228,660,333</b>	<b>182,828,889</b>
<b>Total</b>		<b>1,588,023,563</b>	<b>1,570,410,638</b>

Significant accounting policies 2

The accompanying notes are an integral part of these statement of accounts

As per our reports of even date attached

for **B S R & Co. LLP**  
Chartered Accountants  
Firm's registration number: 101248W/W -100022

  
**Siddhartha Sharma**  
Partner  
Membership Number: 118756

Place: Bengaluru  
Date: 07 September 2021

For HCG Manavata Oncology LLP  
HCG Manavata Oncology LLP  
LLPIN: AAH-1208

  
**Srinivasa V Raghavan**  
Designated Partner on behalf of  
HealthCare Global Enterprises  
Limited

Place: Bengaluru  
Date: 07 September 2021

For HCG Manavata Oncology LLP

  
**Dr. Raj Vasant Rao Nagarkar**  
Partner

**Dr. Raj Vasant Rao Nagarkar**  
Partner

Place: Nashik  
Date: 07 September 2021

**HCG Manavata Oncology LLP****Statement of income and expenditure**

(All amounts in Indian rupees, except share data and unless otherwise specified)

	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations	20	888,658,600	838,404,128
Other income	21	7,053,946	5,403,804
<b>Total income</b>		<b>895,712,546</b>	<b>843,807,932</b>
<b>Expenditure</b>			
Purchases of medical and non-medical items	22	202,292,193	187,654,196
Changes in inventories	23	(402,873)	(2,150,713)
Employee benefits expense	24	102,929,530	104,091,984
Finance costs	25	35,747,248	27,582,053
Depreciation and amortisation expense	12	129,702,238	127,097,361
Other expenses	26	477,046,990	418,953,573
[(includes prior period expenses reversal of Rs. Nil (previous year: Rs. 41,375,350) refer note 37]			
<b>Total expenditure</b>		<b>947,315,326</b>	<b>863,228,454</b>
<b>Loss before tax and exceptional items</b>		<b>(51,602,780)</b>	<b>(19,420,522)</b>
Exceptional items	38	39,945,918	-
<b>Loss before tax</b>		<b>(91,548,698)</b>	<b>(19,420,522)</b>
<b>Tax expense</b>			
-Current tax		8,251,933	3,706,333
-MAT		-	(317,613)
<b>-Deferred tax</b>			
(a) Current year		(5,307,835)	30,354,000
(b) Prior period charge (refer note 37)		-	22,940,000
<b>Total tax expense</b>		<b>2,944,098</b>	<b>56,682,720</b>
<b>Loss after tax</b>		<b>(94,492,796)</b>	<b>(76,103,242)</b>
Significant accounting policies	2		

The accompanying notes are an integral part of these statement of accounts

As per our reports of even date attached

for **BSR & Co. LLP**

Chartered Accountants

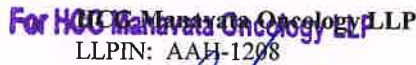
Firm's registration number: 101248W/W -100022


**Siddhartha Sharma**

Partner

Membership Number: 118756

for and on behalf of



LLPIN: AAH-1208


**Srinivasa V Raghavan**Designated Partner on behalf of  
HealthCare Global Enterprises  
Limited


**Dr. Raj Vasant Rao Nagarkar**

Partner

Place: Bengaluru

Date: 07 September 2021

Place: Bengaluru

Date: 07 September 2021

Place: Nashik

Date: 07 September 2021

**HCG Manavata Oncology LLP**  
**Cashflow Statement for the year ended 31 March 2021**  
**(All amounts in Indian rupees, except share data and unless otherwise specified)**

Particulars	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flows from operating activities:</b>			
(Loss) before tax		(91,548,698)	(19,420,522)
Adjustments for:			
Interest income		(7,038,620)	(5,403,804)
Finance costs		35,747,248	27,582,053
Depreciation and amortisation expense		129,702,238	127,097,361
Provision for doubtful receivables		210,000	1,974,894
Tax deducted at source written off, included in rates and taxes		-	4,243,699
Exceptional Items: Non-cash items	38	39,945,918	-
Rent equalisation		23,234,012	(8,252,018)
<b>Operating profit before working capital changes</b>		<b>130,252,098</b>	<b>127,821,663</b>
<b>Changes in working capital:</b>			
Inventories		(402,873)	(2,150,714)
Trade receivables		(5,422,567)	(45,971,329)
Long- term and short-term loans and advances		17,061	27,109,224
Other non current and current assets		6,904,638	(7,177,248)
Trade payables*		25,728,667	29,029,877
Other non current and current liabilities		(20,044,488)	7,618,214
Long-term and short-term provisions		3,431,054	2,521,589
<b>Cash generated from operations</b>		<b>140,463,590</b>	<b>138,801,276</b>
Income tax paid (net)		(2,876,488)	(30,400,400)
<b>Net cash flow from operating activities (A)</b>		<b>137,587,102</b>	<b>108,400,876</b>
<b>B. Cash flow from investing activities</b>			
Acquisition of plant and equipment		(85,303,086)	(86,024,877)
Amount invested in margin money deposits		(8,161,195)	(2,992,277)
Proceeds from maturity of margin money deposit		466,276	1,831,521
Proceeds from sale of fixed assets		-	-
Interest received		2,495,303	399,929
<b>Net cash flow used in investing activities (B)</b>		<b>(90,502,702)</b>	<b>(86,785,704)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from contribution of members*		-	17,296,422
Proceeds from borrowings #		-	-
Repayment of borrowings #		(30,042,771)	(2,300,000)
Finance costs		(35,417,866)	(7,638,989)
<b>Net cash flow from financing activities (C)</b>		<b>(65,460,637)</b>	<b>7,357,433</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>(18,376,237)</b>	<b>28,972,605</b>
Cash and cash equivalents at the beginning of the year		40,639,089	11,666,484
<b>Cash and cash equivalents at the end of the year (refer note 17)</b>		<b>22,262,852</b>	<b>40,639,089</b>

\* contribution during the year from the Partners are non cash and conversion of trade payables. Refer note 3

# Deferred payment obligations of Rs. 85,930,000 has been converted to Term Loan, which is non cash transaction. Refer note 5.

Significant accounting policies 2

The accompanying notes are an integral part of these statement of accounts

As per our reports of even date attached

for B S R & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W -100022

  
Siddhartha Sharma  
Partner

Membership Number: 118756

For HCG Manavata Oncology LLP

for and on behalf of  
HCG Manavata Oncology LLP  
LLPIN: AAH-1208

Authorised Signatory

Srinivasa V Raghavan  
Designated Partner on behalf  
of HealthCare Global  
Enterprises Limited

For HCG Manavata Oncology LLP

  
Authorised Signatory

Dr. Raj Vasant Rao Nagarkar  
Partner

Place: Bengaluru  
Date: 07 September 2021

Place: Bengaluru  
Date: 07 September 2021

Place: Nashik  
Date: 07 September 2021

**1 Corporate information**

HCG Manavata Oncology LLP (the LLP) (Firm) is a Limited Liability Partnership registered under Limited Liability Partnership Act, 2008 and incorporated on 10 August 2016. HealthCare Global Enterprises Limited (HCG) and Dr. Raj Vasantryo Nagarkar are partners in LLP having capital and profit sharing ratio of 51:49. The LLP is engaged in setting up and managing of cancer hospitals. The registered office of the LLP is situated at HCG Tower, No. 8 Sampangi Ram Nagar Bengaluru - 560018.

**2 Summary of significant accounting policies**

**2.1 Basis of accounting and preparation of statement of accounts**

The statement of accounts of the LLP have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and relevant provision of Limited Liability Partnership Act, 2008. Indian GAAP comprise the Accounting Standards issued by the Institute of Chartered Accountants of India. The statement of accounts have been prepared on accrual basis under the historical cost convention.

**2.2 Going concern basis and impact of Covid-19**

The number of new cases of Covid which had reached its lowest level in the first week of February 2021 increased in March 2021. The Firm is taking necessary actions to secure the health and safety of its employees and extended ecosystem. Different forms of restrictions have been imposed by the government and local bodies to control this strong second wave of the pandemic but these restrictions are not as severe as the lockdown during first wave. The Firm's operations are currently running at normal levels. However, the Firm will continue to monitor changes to the future economic conditions for any material impact as the situation evolves.

The Firm has incurred losses in the current year and the previous year and as at the statement of assets and liabilities date current liabilities exceeds its current assets, However, the Firm has been generating operating cash flows, has positive net worth, favourable business plan of continuity of generation of sufficient operating cash flows and financial support from the partners for meeting future obligations. Management believes that it has taken into account the possible impacts of known events arising from COVID-19 pandemic in the preparation of the statement of accounts including but not limited to its assessment of Firm's liquidity and going concern and various estimates in relation to the statement of accounts captions upto the date of adoption of statement of accounts by the Partners. The Firm has prepared the statement of accounts on Going concern basis. Given the nature and duration of COVID-19, its impact on the statement of accounts may differ from that estimated as at the date of approval of these statement of accounts.

**2.3 Use of estimates**

The preparation of the statement of accounts in conformity with Indian GAAP requires the Management to make judgement, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the statement of accounts are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.4 Current and non-current classification**

All assets and liabilities are classified into current and non-current.

*Assets*

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the LLP's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

*Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the LLP's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be settled within 12 months after the reporting date; or
- The LLP does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect the classification.

Current liabilities include the current portion of the non-current financial liabilities.

All other liabilities are classified as non-current.

*Operating cycle*

Based on the nature of products / activities of the LLP and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the LLP has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**2.5 Inventories**

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis, and shown net of provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT/GST wherever applicable applying First in First out (FIFO) method.



**2.6 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of deposit), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.7 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the LLP are segregated based on the available information.

**2.8 Revenue recognition**

**Medical services**

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Revenue is recorded net of discount given to patients recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Unbilled revenue is recorded for the service where the patients are not discharged and invoice is not raised for the service.

**Sale of medical and non-medical items**

Pharmacy sales are recognised when the significant risks and rewards of ownership is transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. Revenue is measured excluding taxes or duties collected on behalf of the government.

**2.9 Other income**

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

**2.10 Plant and equipment**

**Tangible assets**

Tangible assets are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible assets comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price and exchange fluctuation arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, to the extent they relate to the acquisition of a depreciable tangible asset. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

The LLP depreciates Tangible assets over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets as follows:

Asset category	Useful life as per the management
Plant and medical equipment	10-15 years
Lab equipment	10 years
Office equipments	05 years
Furniture and fixtures	10 years
Data processing equipments	3-6 years
Electrical installation	10 years
Vehicles	8 years

The cost and related accumulated depreciation are eliminated from the statement of assets and liabilities upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of income and expenditure. Amounts paid towards the acquisition of tangible assets outstanding as of each reporting date are recognized as capital advance and the cost of tangible assets not ready for intended use before such date are disclosed under capital work- in-progress.

Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term.

**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 period, 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.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Asset category	Useful life as per the management
Computer software	3 years





#### 2.11 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the LLP at the exchange rates at the dates of the transactions or an average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences on monetary items are recognised in the Statement of income and expenditure in the period in which they arise except with respect to long term foreign currency monetary items in so far as they relate to the acquisition of a depreciable tangible asset which is added/subtracted to the tangible asset based on the option exercised by the Firm.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated. Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

#### 2.12 Employee benefits

##### *Defined contribution plan*

Contributions to the recognized provident fund which are defined contribution schemes, are charged to the Statement of Income and Expenditure.

##### *Defined benefit plans*

The LLP's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Statement of assets and liabilities date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Income and Expenditure and on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

##### *Compensated absences*

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The LLP records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement.

#### 2.13 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of income and expenditure over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of income and expenditure during extended periods when active development activity on the qualifying assets is interrupted.

#### 2.14 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the LLP will pay normal income tax. Accordingly, MAT is recognised as an asset in the Statement of assets and liabilities when it is highly probable that future economic benefit associated with it will flow to the LLP.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the LLP has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Statement of assets and liabilities date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of income and expenditure.



#### 2.15 Provisions and contingencies

A provision is recognised when the LLP has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Statement of assets and liabilities date. These are reviewed at each Statement of assets and liabilities date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the statement of accounts.

##### Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the LLP from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the LLP recognises any impairment loss on the assets associated with that contract.

#### 2.16 Government grants

Government grants available to the Firm are recognised

- (i) where there is reasonable assurance that the Firm will comply with the conditions attached to them; and
- (ii) where such benefits have been earned by the Firm and it is reasonably certain that the ultimate collection will be made.

Government grants related to the acquisition of fixed assets are shown as a deduction from the gross value of the respective fixed assets.

#### 2.17 Leases

Leases under which the Firm assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under operating lease are recognised as an expense in the Statement of income and expenditure on a straight line basis over the lease term. Lease term is the non-cancellable period for which the Firm has agreed to take on lease of the asset, together with any further periods for which the Firm has the option to continue the lease and at the inception of the lease it is reasonably certain that the Firm will exercise such an option.

#### 2.18 Impairment

The Firm assesses at each reporting date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Firm estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in-flows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of income and expenditure. If at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in Statement of income and expenditure. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
(All amounts in Indian rupees, except share data and unless otherwise specified)

3 **Contribution**

Particulars	As at	
	31 March 2021	31 March 2020
<b>Capital account</b>		
<b>Fixed capital contribution*</b>		
HealthCare Global Enterprises Limited	510,000	510,000
Dr. Raj Vasant Rao Nagarkar	490,000	490,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Variable capital contribution*</b>		
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	480,471,686	480,471,686
Add: Additional contribution #	69,500,000	-
Balance at the end of the year	<u>549,971,686</u>	<u>480,471,686</u>
Dr. Raj Vasant Rao Nagarkar		
Balance at the beginning of the year	72,848,544	55,552,122
Add: Additional contribution #	33,212,868	17,296,422
Loss: Transfer for the year	-	-
Balance at the end of the year	<u>106,061,412</u>	<u>72,848,544</u>
	<u>657,033,098</u>	<u>554,320,230</u>

\*The initial capital contribution is made by each partner as per the arrangement mentioned in the LLP agreement between the partners. Variable capital represents additional financial assistance by respective partner with a right to convert to fixed capital at such time and as per the terms and conditions, as agreed between the Partners of the LLPs. With respect to variable capital contribution made by HealthCare Global Enterprises Limited, such amount will be attributed and assumed to have been notionally contributed by Dr. Raj Vasant Rao Nagarkar as per terms of LLP agreement which will allow to maintain initial capital contribution ratio agreed by both the partners. However, this is due only in the event of liquidation or dissolution of the LLP. The notional contribution by Dr. Raj Vasant Rao amounts to Rs. 422,342,757 (31 March 2020 Rs 360,000,000), which will lead to capital adjustment between HCG and Dr. Nagarkar's capital account i.e. credit to Dr. Nagarkar by Rs 215,394,806 and debit to HCG by Rs. 215,394,806, such that capital account ratio is maintained in 51%:49%.

As per the LLP agreement, neither HealthCare Global Enterprises Limited nor Dr. Raj Vasant Rao Nagarkar shall transfer their interest in the LLP for a period of 20 years from the execution date of LLP agreement without the prior consent of the other partner.

# Additional contribution during the year is non cash contribution i.e. conversion of trade payables.

4 **Reserves and surplus**

Particulars	As at	
	31 March 2021	31 March 2020
<b>Surplus (Statement of income and expenditure)</b>		
At the commencement of the year	71,836,528	147,939,770
Add: Loss for the year	(94,492,796)	(76,103,242)
Amount available for appropriation	(22,656,268)	71,836,528
Share of profit appropriated to HealthCare Global Enterprises Limited	(11,554,697)	36,636,629
Share of profit appropriated to Dr. Raj Vasant Rao Nagarkar	(11,101,571)	35,199,899
At the end of the year	<u>(22,656,268)</u>	<u>71,836,528</u>

As per the LLP agreement entered into, HealthCare Global Enterprises Limited and Dr. Raj Vasant Rao Nagarkar will share the profit/ losses in the ratio of 51%: 49% respectively.

5 **Long-term borrowings**

Particulars	As at	
	31 March 2021	31 March 2020
<b>Secured</b>		
(a) Term loans from banks - (refer note 5.1.1 below)	242,365,225	164,204,041
(b) Finance lease obligations -(refer note 5.1.2 below)	3,398,015	5,543,630
<b>Unsecured</b>		
(c) Deferred payment obligations -(refer note 5.1.3 below)	-	139,108,080
(d) Finance lease obligations -(refer note 5.1.4 below)	92,872,294	99,710,189
	<u>338,635,534</u>	<u>408,565,940</u>

Note:

5.1 **Details of security, interest rate and terms of repayment for the long-term borrowings:**

Terms of repayment and security	As at	
	31 March 2021	31 March 2020
<b>5.1.1 Term loan from Bank - Secured</b>		
Non-current portion	242,365,225	164,204,041
Amount included under current maturities of long term debt	6,847,160	2,050,467
Security: Exclusive charge on all assets (Equipments) purchased through bank finance. Exclusive charge on all the movable fixed assets and current assets (both present and future), including any refundable lease/rental deposits placed with lessor. Corporate guarantee and Debt Shortfall Undertaking of Healthcare Global Enterprises Limited and Dr. Raj Vasant Rao Nagarkar on the entire loan amount.		
Repayable in quarterly installments over a period of 10 years from the date of borrowing. Interest rate is 0.85% + 6 months MCLR reset every half-yearly.		
The Firm has availed moratorium facility as announced by the Reserve Bank of India due to Covid-19 for its interest part for the period March 2020 to August 2020, which was paid in September 2020.		
<b>5.1.2 Finance lease obligations - Secured</b>		
Non-current portion	3,398,015	5,543,630
Amount included under current maturities of long term debt	1,937,657	1,711,082
Security: Hypothecation of equipment purchased under loan.		
Rate of interest is 12.50% p.a		
Monthly lease rental payable of Rs 208,015 for 60 months from the date of drawdown starting from 24 October 2018 to 24 September 2023.		
<b>5.1.3 Deferred payment obligations - Unsecured</b>		
Non-current portion	-	139,108,080
Amounts included under Current maturities of deferred payment obligation	143,325,977	107,720,194
- Rate of interest 3% p.a		
- Repayment in installments over a period of 1 to 6 years		
<b>5.1.4 Finance lease obligations - Unsecured</b>		
Non-current portion	92,872,294	99,710,189
Amount included under current maturities of long term debt	15,348,770	10,847,058
Rate of interest is 11% p.a		
Monthly lease rental as per the schedule from September 2019 to August 2027.		
Non-current portion	338,635,534	408,565,940
Current portion	167,459,564	122,328,796
	<u>506,095,098</u>	<u>530,894,736</u>



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
(All amounts in Indian rupees, except share data and unless otherwise specified)

6 Deferred tax liabilities, net		As at	As at
Particulars		31 March 2021	31 March 2020
Tax effect of items constituting deferred tax liability:			
- Depreciation on fixed asset		122,667,921	116,826,000
Deferred tax liabilities		122,667,921	116,826,000
Tax effect of items constituting deferred tax assets:			
- Provision for doubtful debts/ advances		2,879,000	2,805,000
- 43B items		3,630,000	2,302,000
- Impact due to finance lease		6,446,000	4,500,000
- Rent equalisation		42,416,369	34,614,613
Deferred tax assets		55,371,369	44,221,613
Deferred tax liabilities, net		67,296,552	72,604,387
7 Other non-current liabilities			
Particulars		As at	As at
		31 March 2021	31 March 2020
Rent equalisation reserve		121,383,840	98,149,828
		121,383,840	98,149,828
8 Long-term provisions			
Particulars		As at	As at
		31 March 2021	31 March 2020
Provision for gratuity (refer note 30)		5,553,372	2,519,557
		5,553,372	2,519,557
9 Trade payables			
Particulars		As at	As at
		31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (refer note 28)		-	-
Total outstanding dues of creditors other than micro and small enterprises (also refer note 32)		105,192,547	182,176,748
		105,192,547	182,176,748
10 Other current liabilities			
Particulars		As at	As at
		31 March 2021	31 March 2020
Current maturities of long-term debt - secured (refer note 5.1.1)		6,847,160	2,050,467
Current maturities of finance lease obligations - secured (refer note 5.1.2)		1,937,657	1,711,082
Current maturities of deferred payment obligation - unsecured (refer note 5.1.3)		143,325,977	107,720,194
Current maturities of finance lease obligations - unsecured (refer note 5.1.4)		15,348,770	10,847,053
Creditors for capital goods		2,874,501	12,029,284
Advance from customer		15,327,282	30,711,117
Statutory dues		5,370,519	4,138,090
Accrued salary benefits		3,098,221	8,991,303
		194,130,087	178,198,590
11 Short-term provisions			
Particulars		As at	As at
		31 March 2021	31 March 2020
Provision for gratuity (refer note 30)		11,875	7,899
Provision for compensated absences		2,424,194	2,030,931
Provision for contingency for taxes (refer note 38)		119,018,732	-
		121,454,801	2,038,830
13 Long-term loans and advances			
Particulars		As at	As at
		31 March 2021	31 March 2020
<i>Unsecured, considered good</i>			
Capital advances		4,708,869	2,156,563
Prepaid expenses		339,521	1,230,279
Interest accrued on long-term deposit		-	-
Security deposits		120,000	100,000
Advance income tax and tax deducted at source, net of provision for tax		46,529,666	51,905,111
		51,698,056	55,391,953



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
(All amounts in Indian rupees, except share data and unless otherwise specified)

14 Other non-current assets		
Particulars	As at 31 March 2021	As at 31 March 2020
Bank balance in margin money *	10,202,027	58,424,226
Interest accrued on deposits	1,545,291	5,728,038
Interest receivable	-	-
	<u>11,747,318</u>	<u>64,152,264</u>
* Includes deposit given for letter of credits and bank guarantees issued by the banks.		
15 Inventories (At lower of cost and net realisable value)*		
Particulars	As at 31 March 2021	As at 31 March 2020
Medical and non-medical items	11,568,391	11,165,518
	<u>11,568,391</u>	<u>11,165,518</u>
*Refer note 5.1 for details of charge created on Inventories.		
16 Trade receivables (unsecured)*		
Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables outstanding for a period exceeding six months from the date they were due for payment**		
- Considered good	5,527,100	5,666,142
- Considered doubtful	1,842,366	2,362,260
	<u>7,369,466</u>	<u>8,028,402</u>
Less: Provision for bad and doubtful trade receivables	(1,842,366)	(2,362,260)
	<u>5,527,100</u>	<u>5,666,142</u>
Other trade receivables**		
- Considered good	106,682,027	101,330,418
- Doubtful	6,396,036	5,666,142
	<u>113,078,063</u>	<u>106,996,560</u>
Less: Provision for doubtful trade receivables	(6,396,036)	(5,666,142)
	<u>106,682,027</u>	<u>101,330,418</u>
	<u>112,209,127</u>	<u>106,996,560</u>
*Refer note 5.1 for details of charge created on Trade Receivables.		
**Refer note 32 for related party balances		
17 Cash and bank balances		
Particulars	As at 31 March 2021	As at 31 March 2020
a) Cash and cash equivalents		
Cash on hand	830,470	753,105
Balances with banks:		
-On Current Accounts	21,432,382	39,885,984
	<u>22,262,852</u>	<u>40,639,089</u>
b) Other bank balances		
-On Deposit Account (due to mature within 12 months of the reporting date)	55,917,118	-
	<u>55,917,118</u>	-
	<u>78,179,970</u>	<u>40,639,089</u>
Details of bank deposits:		
Bank deposits due to mature within 12 months of the reporting date included under "Other bank balances"	55,917,118	-
Bank deposits due to mature after 12 months of the reporting date included under "Other non-current assets"	10,202,027	58,424,226
Total deposits	<u>66,119,145</u>	<u>58,424,226</u>
18 Short-term loans and advances*		
Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Loans to employees	254,630	217,193
Advance to vendors (refer note 32)	1,835,349	1,934,663
Prepaid expenses	3,288,888	2,373,314
	<u>5,378,867</u>	<u>4,525,170</u>
*Refer note 5.1 for details of charge created on Short term loans and advances.		
19 Other current assets*		
Particulars	As at 31 March 2021	As at 31 March 2020
Unbilled revenue	12,597,914	19,502,552
Interest accrued on deposits	8,726,064	-
	<u>21,323,978</u>	<u>19,502,552</u>
*Refer note 5.1 for details of charge created on Other current assets.		



## 12. Plant and equipment - Tangible assets

Particulars	Gross block			Accumulated depreciation and impairment			Net block	
	As at 1 April 2020	Additions #	Disposals	As at 31 March 2021	As at 1 April 2020	Depreciation for the year	Eliminated on disposal of assets	As at 31 March 2021
<i>Owned assets</i>								
Leasehold improvements	469,894,089	2,853,917	-	472,748,006	34,616,668	28,292,395	-	409,838,943
Plant and medical equipment	767,238,272	153,177,460	-	920,415,732	195,423,265	58,624,530	-	666,367,937
Lab equipment	8,685,260	32,509	-	8,717,769	1,758,231	868,922	-	2,54,047,795
Data processing equipment	22,999,865	1,217,654	-	24,217,519	13,045,913	8,249,178	-	2,627,153
Electrical installation	114,104,348	412,154	-	114,516,502	23,296,036	11,289,036	-	21,295,091
Furniture and fixtures	48,313,614	1,027,960	-	49,341,574	10,484,009	4,799,280	-	34,585,432
Vehicles	1,653,576	-	-	1,653,576	574,786	172,060	-	15,283,289
Office equipment	14,108,736	724,908	-	14,833,644	6,409,978	2,699,163	-	746,846
<i>Leased assets</i>								
Plant and medical equipment	113,116,901	-	-	113,116,901	8,682,983	14,658,374	-	9,109,141
<b>Total</b>	<b>1,560,114,661</b>	<b>159,446,562</b>	<b>-</b>	<b>1,719,561,223</b>	<b>294,292,229</b>	<b>129,652,938</b>	<b>-</b>	<b>423,945,167</b>

# Includes capitalisation of (i) exchange difference amounting to Rs. 4,913,751 related to plant and equipment pursuant to option exercised by the Firm as per AS11 : The Effects of Changes in Foreign Exchange Rates and (ii) duties and taxes towards import of assets under Export Promotion Capital Goods (EPCG) scheme in the prior years of Rs. 79,072,814. Refer note 38.

## Intangible assets for the year ended 31 March 2021

Particulars	Gross block			Accumulated amortization and impairment			Net block	
	As at 1 April 2020	Additions	Disposals	As at 31 March 2021	As at 1 April 2020	Amortization for the year	Eliminated on disposal of assets	As at 31 March 2021
Computer software	442,714	-	-	442,714	91,614	49,300	-	140,914
<b>Total</b>	<b>442,714</b>	<b>-</b>	<b>-</b>	<b>442,714</b>	<b>91,614</b>	<b>49,300</b>	<b>-</b>	<b>301,800</b>

## Plant and equipment : Tangible assets for the year ended 31 March 2020

Particulars of Tangible assets	Gross block			Accumulated depreciation and impairment			Net block	
	As at 1 April 2019	Additions #	Disposals	As at 31 March 2020	As at 1 April 2019	Depreciation for the year	Eliminated on disposal of assets	As at 31 March 2020
<i>Owned assets</i>								
Leasehold improvements	327,497,351	142,396,738	-	469,894,089	15,471,824	19,144,844	-	34,616,668
Plant and medical equipment	588,870,652	178,367,620	-	767,238,272	123,537,825	71,885,440	-	195,423,265
Lab equipment	8,685,260	8,685,260	-	17,370,520	889,513	868,718	-	1,758,231
Data processing equipment	21,839,198	1,160,667	-	22,999,865	5,099,985	7,945,928	-	13,045,913
Electrical installation	114,104,348	-	-	114,104,348	11,939,874	11,356,522	-	23,296,396
Furniture and fixtures	47,988,036	325,578	-	48,313,614	5,738,045	4,745,964	-	10,484,009
Vehicles	1,653,576	-	-	1,653,576	402,760	172,026	-	574,786
Office equipment	13,899,753	208,983	-	14,108,736	3,769,920	2,640,158	-	6,409,978
<i>Leased assets</i>								
Plant and medical equipment	10,315,647	102,801,254	-	113,116,901	393,377	8,289,606	-	8,682,983
<b>Total</b>	<b>1,134,853,821</b>	<b>425,260,840</b>	<b>-</b>	<b>1,560,114,661</b>	<b>167,243,023</b>	<b>127,049,206</b>	<b>-</b>	<b>294,292,229</b>

# Includes capitalisation of exchange difference amounting to Rs 19,382,861 related to plant and equipment pursuant to option exercised by the Firm as per AS11 : The Effects of Changes in Foreign Exchange Rates.

## Intangible assets for the year ended 31 March 2020

Particulars	Gross block			Accumulated amortization and impairment			Net block	
	As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	Amortization for the year	Eliminated on disposal of assets	As at 31 March 2020
Computer software	104,935	337,779	-	442,714	43,459	48,155	-	91,614
<b>Total</b>	<b>104,935</b>	<b>337,779</b>	<b>-</b>	<b>442,714</b>	<b>43,459</b>	<b>48,155</b>	<b>-</b>	<b>351,100</b>

Refer note 5.1 for details of charge created on plant and equipment.



**HCG Manavata Oncology LLP****Notes to statement of accounts (continued)****(All amounts in Indian rupees, except share data and unless otherwise specified)****20 Revenue from operations \***

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Income from medical services	850,485,251	800,776,653
Sale of medical and non-medical items	37,923,349	37,627,475
	<b>888,658,600</b>	<b>838,404,128</b>

\* Refer note 32 for related party transactions

**21 Other income**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income *	7,038,620	5,403,804
Exchange Gain	15,326	-
	<b>7,053,946</b>	<b>5,403,804</b>

\* Refer note 32 for interest income from related party

**22 Purchases of medical and non-medical items \***

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchases of pharmacy items and consumables	202,292,193	187,654,196
	<b>202,292,193</b>	<b>187,654,196</b>

\*Refer note 32 for related party transactions

**23 Changes in inventories**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year	11,568,391	11,165,518
Inventories at the beginning of the year	11,165,518	9,014,805
Net (increase)	<b>(402,873)</b>	<b>(2,150,713)</b>

**24 Employee benefits expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages (refer note 30)	93,469,516	93,141,864
Contributions to provident and other funds (refer note 30)	6,686,228	6,912,917
Staff welfare expenses	2,773,786	4,037,203
	<b>102,929,530</b>	<b>104,091,984</b>

**25 Finance cost**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Bank charges	2,754,067	2,744,173
Interest expense on borrowings	32,400,584	24,175,840
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	42,496	-
Loan processing charges	550,101	662,040
	<b>35,747,248</b>	<b>27,582,053</b>



**HCG Manavata Oncology LLP****Notes to statement of accounts (continued)****(All amounts in Indian rupees, except share data and unless otherwise specified)****26 Other expenses \***

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Medical consultancy charges	235,547,337	240,990,320
Lab charges	9,411,873	7,000,928
Power, fuel and water charges	38,750,152	39,536,513
House keeping expenses	16,223,718	21,253,100
Rent (refer note 33 and 37)	103,033,249	37,609,434
Repairs and maintenance:		
- Building	1,361,110	1,591,910
- Machinery	29,506,124	21,877,420
- Others	3,319,419	2,505,299
Insurance	769,099	33,939
Rates and taxes	297,612	4,538,355
Printing and stationery	11,081	146,357
Communication	2,109,240	2,322,851
Business promotion expenses	14,499,425	17,617,484
Travelling and conveyance	2,370,388	3,889,110
Legal and professional charges	9,596,337	9,210,418
Payment to auditors (refer note below)	911,550	890,915
Provision for doubtful trade receivables	210,000	-
Miscellaneous expenses	9,119,276	7,939,220
	<b>477,046,990</b>	<b>418,953,573</b>

\* Refer note 32 for related party transactions

**Payment to auditors**

- Statutory Audit fees	750,000	750,000
- Indirect taxes and out of pocket expenses	161,550	140,915
	<b>911,550</b>	<b>890,915</b>





**HCG Manavata Oncology LLP**

**Notes to statement of accounts (continued)**

(All amounts in Indian rupees, except share data and unless otherwise specified)

**27 Contingent Liabilities and commitments**

**(i) Contingent Liabilities**

**Particulars**

	As at 31 March 2021	As at 31 March 2020
Bank guarantees	-	38,259,147

**(ii) Commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to Rs Nil (previous year: Rs 3,684,000).

The Firm is involved in disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, including tax and commercial matters that arise from time to time in ordinary course of business. The Firm believes that there are no such pending matters that are expected to have any material adverse effect on its statement of accounts.

**28 Due to Micro, Small and Medium Enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 and as at 31 March 2020 has been made in the statement of accounts based on information received and available with the LLP. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises development Act, 2006 ('The MSMED Act') is not expected to be material. The LLP has not received any claim for interest from any supplier

Particulars	As at 31 March 2021	As at 31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, 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 the MSMED Act	-	-

29 During the year the LLP has not entered into any derivative contract. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred payment liabilities	143,325,977	246,828,274

**30 Employee benefit plans**

**Defined contribution plans**

The LLP makes provident fund contributions to defined contribution plan for qualifying employees. Under the Scheme, the LLP is required to contribute a specified percentage of the payroll costs to fund the benefits.

The LLP has recognized the following amounts in the Statement of Income and Expenditure towards its contributions to provident fund.

Particulars	As at 31 March 2021	As at 31 March 2020
Contribution to provident fund	6,686,228	6,912,917

**Defined benefit plans**

The LLP offers the Gratuity benefits (included as part of 'Salaries and wages' in Note 24 Employee benefits expense) to its employees. The following table sets out the status of the gratuity and the amount recognised in the statement of accounts:

Particulars	As at 31 March 2021	As at 31 March 2020
Components of employer expense		
Current service cost	1,755,486	870,487
Interest cost	315,601	148,877
Actuarial losses	966,704	538,594
<b>Total expense recognised in the statement of income and expenditure</b>	<b>3,037,791</b>	<b>1,557,958</b>
<b>Actual contribution and benefits payments</b>		
Present value of defined benefit obligation	5,565,247	2,527,456
<b>Net liability recognised in balance sheet</b>	<b>5,565,247</b>	<b>2,527,456</b>
Current	11,875	7,899
Non-current	5,553,372	2,519,557

**Change in defined benefit obligations**

Present value of defined benefit obligation at the beginning of the period

Current service cost	2,527,456	969,486
Interest cost	1,755,486	870,487
Actuarial losses	315,601	148,877
	966,704	538,594
<b>Present Value of DBO at the end of year</b>	<b>5,565,247</b>	<b>2,527,456</b>



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
(All amounts in Indian rupees, except share data and unless otherwise specified)

Actuarial assumptions

Discount rate	5.80%	6.20%
Salary escalation	6.50%	6.50%
Attrition rate	30.00%	30.00%
Retirement age	60 years	60 years
Mortality	Indian Assured Lives (2012-14) Mod Ult	Indian Assured Lives (2012-14) Mod Ult

Note:

The discount rate is based on the prevailing market yields of Government of India securities as at the statement of assets and liabilities date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Amounts for the current and previous periods are as follows:

	31 March 21	31 March 20
Gratuity		
Defined benefit obligation	5,565,247	2,527,456
(Surplus) / deficit in the plan	5,565,247	2,527,456
Experience adjustments arising on plan liabilities	852,414	243,834

31 Segment information

The LLP's operations comprises of only one segment viz., rendering oncology medical services. The LLP's operations are in India and therefore there are no secondary geographical segments.

32 Related party transactions

a. Details of related parties:

Description of relationship	Names of related parties
Partners	HealthCare Global Enterprises Limited Dr. Raj Vasant Rao Nagarkar Srinivasa V Raghavan (Designated Partner on behalf of HealthCare Global Enterprises Limited), with effect from 24 August 2019 Dinesh Madhavan (Designated Partner on behalf of HealthCare Global Enterprises Limited), resigned with effect from 24 August 2019
Entity over which Partners can exercise significant influence	Strand Life Sciences Private Limited Rajnish Vasant Rao Nagarkar HUF HCG Foundation Asmi Agencies Vasant Rao Nagarkar Medical Foundation Trust

b. Details of related party transactions:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Contributions received during the year (conversion of trade payables)</b>		
HealthCare Global Enterprises Limited	69,500,000	-
Dr. Raj Vasant Rao Nagarkar	33,212,868	17,296,422
<b>Advance to vendors</b>		
HealthCare Global Enterprises Limited	-	45,000,000
<b>Advance repaid by</b>		
HealthCare Global Enterprises Limited	-	72,000,000
<b>Trade Receivable</b>		
HCG Foundation	300,000	-
<b>Medical consultancy charges*</b>		
Dr. Raj Vasant Rao Nagarkar	139,977,733	154,524,667
<b>Purchases of medical and non-medical items</b>		
HealthCare Global Enterprises Limited	-	913,770
Asmi Agencies	474,208	-
<b>Diagnostic charges</b>		
Strand Life Sciences Private Ltd	39,300	946,770
<b>Interest income</b>		
HealthCare Global Enterprises Limited	-	858,741
<b>Rent charges</b>		
Dr. Raj Vasant Rao Nagarkar	79,947,275	70,388,362
Raj Vasant Rao Nagarkar HUF	240,000	240,000
Vasant Rao Nagarkar Medical Foundation Trust	120,000	120,000
<b>Income from medical services</b>		
Vasant Rao Nagarkar Medical Foundation Trust	3,298,214	4,071,426
<b>Sale of medical and non-medical items</b>		
Dr. Raj Vasant Rao Nagarkar	2,121,006	3,146,926
<b>Guarantee Commission Expenses</b>		
HealthCare Global Enterprises Limited	2,089,355	1,416,164
<b>Reimbursement of expenditure incurred by the Partners</b>		
HealthCare Global Enterprises Limited	2,665,014	12,462,265



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
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c. Details of related party balances outstanding:

Particulars	As at	
	31 March 2021	31 March 2020
<b>Partner's Capital account</b>		
HealthCare Global Enterprises Limited #		
Dr. Raj Vasantao Nagarkar #	550,481,686	480,981,686
	106,551,412	73,338,544
<b>Trade Receivable</b>		
HealthCare Global Enterprises Limited		
Vasantao Nagarkar Medical Foundation Trust	-	3,781,932
HCG Foundation	-	1,439,329
	100,000	400,000
<b>Trade payables</b>		
HealthCare Global Enterprises Limited		
Strand Life Sciences Private Ltd	702,308	70,766,535
Dr. Raj Vasantao Nagarkar - Rent	-	56,000
Dr. Raj Vasantao Nagarkar - MSA	6,238,823	6,097,674
Vasantao Nagarkar Medical Foundation Trust	14,093,629	31,289,578
Rajnish Vasantao Nagarkar HUF	9,850	9,800
Asmi Agencies	19,700	19,600
	258,160	-

\* Medical consultancy charges is paid to Dr. Raj Vasantao for his service as well as his Deputed team. During the previous year, there was a change in the medical service agreement entered with Dr. Raj Vasantao Nagarkar (Partner of LLP). Pursuant to this amendment, medical consultancy charges was revised retrospectively from March 2017 and accordingly an amount of Rs. 25,670,021 was accrued and paid additionally to Dr. Raj Vasantao Nagarkar in the period under audit with respect to earlier years. This amount was included in the accrual for the year ended 31 March 2020 amounting to Rs. 154,524,667.

# excludes adjustments towards notional capital contribution by Dr. Raj Vasantao Nagarkar and distribution of surplus. Refer note 3 and 4

33 Details of leasing arrangements

33.1 Finance lease arrangements

Finance leasing arrangements of the Firm include lease of medical equipments for 5-8 years. Interest rate under finance leases is from 11%- 12.50% p.a. The details of future minimum lease payment and reconciliation of gross investment in the lease and payment value of minimum lease payments are given below:

Particulars	Minimum Lease Payments		Present value of minimum lease payments	
	As at		As at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Not later than one year	28,396,096	18,121,096	17,286,427	12,558,135
Later than one year and not later than five years	96,639,977	101,886,073	85,353,238	85,539,386
Later than five years	24,437,500	41,687,500	10,917,071	19,714,433
	149,473,573	161,694,669	113,556,736	117,811,954
Less: future finance charges	(35,916,837)	(43,882,715)	-	-
<b>Present value of minimum lease payments</b>	<b>113,556,736</b>	<b>117,811,954</b>	<b>113,556,736</b>	<b>117,811,954</b>

Included in the financial statements as:

- Non-current finance lease obligations (Refer note 5)
- Current finance lease obligations (Refer note 10)

	As at	As at
	31 March 2021	31 March 2020
	96,270,309	105,253,819
	17,286,427	12,558,135
	<b>113,556,736</b>	<b>117,811,954</b>

33.2 Operating lease arrangements

The LLP has entered into operating lease arrangements for hospital buildings. The lease is non-cancellable for a period of 20 years from the arrangement execution date and on mutual consent can be renewed for an additional period to be agreed at the time of renewal of the lease. The lease agreements provide for an increase in the lease payments by 15% every 3 years.

- (i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	As at	
	31 March 2021	31 March 2020
Upto one year		
More than one year and upto five years	67,751,928	67,751,928
More than five years	303,316,913	292,180,190
	1,198,507,879	1,277,396,530

- (ii) Amounts recognised in the statement of income and expenditure

Particulars	As at	
	31 March 2021	31 March 2020
Lease expenses recognised in the statement of income and expenditure with respect to above mentioned operating lease arrangement.	103,033,249	37,609,434



HCG Manavata Oncology LLP  
Notes to statement of accounts (continued)  
(All amounts in Indian rupees, except share data and unless otherwise specified)

34 Value of imports calculated on CIF basis

Particulars	As at	
	31 March 2021	31 March 2020
Capital goods	-	10,024,890
Consumables	1,206,176	541,382
	1,206,176	10,566,272

35 Expenditure in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Consumables	1,206,176	541,382
	1,206,176	541,382

36 Earnings in foreign currency

Particulars	For the year ended	
	31 March 2021	31 March 2020
Income from medical services	111,200	979,750
	111,200	979,750

37 Prior period expenses/ (expenses reversal)

Following are the prior period expenses/ (expenses reversal) recorded in the Statement of income and expenditure during the year ended 31 March 2020

Particulars	For the year ended 31 March 2020
Expenses	
Deferred tax charge (refer note (i))	22,940,000
Prior period expense	22,940,000
Expenses reversal	
Rent expenses reversal (refer note ii)	(41,375,350)
Prior period expenses reversal	(41,375,350)

i. During the prior years, the Firm had inadvertently created less deferred tax liability on excess of depreciation on plant and equipment under Income Tax Act, 1961 over depreciation as per the book of accounts. Also, no deferred tax was recognised on the finance lease obligation as at 31 March 2019 eligible for future allowance. The net cumulative impact amounting to Rs. 22,940,000 was corrected during the year ended 31 March 2020.

ii. During the prior years, the Firm had inadvertently created higher rent equalisation reserve amounting to Rs. 41,375,350. This was reversed during the year ended 31 March 2020 and offsets the charge for rent equalisation reserve during the year ended 31 March 2020.

38 Exceptional items

Particulars	For the year ended	
	31 March 2021	31 March 2020
Provision for customs duty (refer note (i) below)	39,945,918	-
	39,945,918	-

(i) Under the Foreign Trade Policy, importers are allowed to discharge the custom duty payable on imported assets through EPCG licenses wherein importers need to achieve certain level of exports. In the past, the Firm has availed the benefit under this policy and has imported various assets. Due to Covid-19 and the restrictions on foreign travel, the Firm's revenue from foreign exchange has undergone a substantial dip. During the year ended 31 March 2021, the Management has evaluated the impact of possible shortfall in meeting such export obligations and has accordingly recognised the provision for contingency of Rs. 119,018,732 (refer note 11) by debiting plant and equipment for custom duty payable Rs. 79,072,814 and interest of Rs. 39,945,918 under exceptional items.

The accompanying notes are an integral part of these statement of accounts

As per our reports of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W -100022



Siddhartha Sharma  
Partner

Membership Number: 118756

For HCG Manavata Oncology LLP

for and on behalf of

HCG Manavata Oncology LLP

LLPIN: AAH-1208

  
Authorised Signatory

Srinivasa V Raghayan  
Designated Partner on behalf of  
HealthCare Global Enterprises Limited

For HCG Manavata Oncology LLP

  
Authorised Signatory

Dr. Raj Vasant Rao Nagarkar  
Partner