

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Members of HCG Medi-Surge Hospitals Private Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of HCG Medi-Surge Hospitals Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021 and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, 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 on the financial statements.

#### Emphasis of matter

We draw attention to Note 2(b) in the financial statements, which describes the economic and social consequences the Company 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.

#### "Information Other than the Financial Statements and Auditors' Report Thereon"

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independent Auditor's Report (continued)**

### **Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.



**Independent Auditor's Report (continued)**

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

- Conclude on the appropriateness of the Management and Board of Directors 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.



**Independent Auditor's Report (continued)**  
**Report on Other Legal and Regulatory Requirements (continued)**

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 32 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the current year and hence reporting under Section 197 of the Act is not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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



**Siddartha Sharma**  
Partner

Membership No. 118756  
UDIN: 21118756AAAABX2136

Place: Bengaluru  
Date: 7 September 2021

**HCG Medi-surge Hospitals Private Limited**

**Annexure A to the Independent Auditors' Report of even date on the financial statements of HCG Medi-surge Hospitals Private Limited**

In respect of the Annexure referred to in paragraph 1 of the Independent Auditors' Report to the members of HCG Medi-surge Hospitals Private Limited ("the Company") for the year ended 31 March 2021, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all its fixed assets are verified in a phase manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were verified during the year. No material discrepancies were noted on such verification.
- (c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) The Company in the previous year and in the current year has granted loans to one company and one Limited Liability Partnership ('LLP') respectively, covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").
  - (a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loan had been granted to a entity listed in the Register maintained under Section 189 of the Act were not, prima facie prejudicial to the Company's interest.
  - (b) In the case of the loans granted to the companies listed in the Register maintained under Section 189 of the Act, the borrowers have been regular in the repayment of the principal and payment of interest, wherever stipulated.
  - (c) There are no amounts of loans granted to companies, firms, limited liability partnerships or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.



**HCG Medi-surge Hospitals Private Limited****Annexure A to the Independent Auditors' Report (continued)**

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' state insurance, Income-tax, custom duty, Goods and Service tax and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. However, there have been slight delay in deposit of Goods and service tax. Further As explained to us, the Company did not have any dues on account of sales tax, service tax, duty of excise and value added tax during the year.

According to the information and explanation given to us no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, duty of Customs, Goods and Service tax and other material statutory dues were in arrears, as at 31 March 2021, for a period of more than six months from the date they became payable except for the following:

Name of the Statute	Nature of the Dues	Amount (Rs. In Million)	Period to which the amount relates	Due Date	Date of Payment
Custom Act	Custom duty	37.91	Various dates	Various dates	Unpaid

- (b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods and service tax which have not been deposited by the Company on account of disputes, except for the following:

Name of Statute	Nature of dues	Amount (Rs. In Million)#	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.74	FY 2011-12	CIT (A)
Gujarat VAT Act	Value Added Tax	15.69 (0.20)*	FY 2011-12	Commissioner of Commercial Tax
Gujarat VAT Act	Value Added Tax	1.18	FY 2014-15	Commissioner of Commercial Tax
Gujarat VAT Act	Value Added Tax	0.48	FY 2015-16	Commissioner of Commercial Tax
Custom Act	Customs	4.49	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal

# the amounts disclosed above includes interest and penalties demanded, wherever applicable.

\* represents amount paid under protest

**HCG Medi-surge Hospitals Private Limited**

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not paid/provided managerial remuneration during the year. Accordingly, the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the company all the transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*for B S R & Co. LLP  
Chartered Accountants*

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



Siddhartha Sharma  
*Partner*

Place: Bengaluru  
Date: 7 September 2021

Membership number: 118756  
UDIN: 21118756AAAABX2136

**Annexure B to the Independent Auditors' report on the financial statements of HCG Medi-surge Hospitals Private Limited for the year ended 31 March 2021.**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to financial statements of HCG Medi-surge Hospitals Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





Balance Sheet as at	Note No.	Rs. in Millions	
		31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	505.67	572.16
(b) Capital work-in-progress	5	5.69	4.93
(c) Right-of-use assets	6	137.88	219.47
(d) Other intangible assets	7	2.86	6.34
(e) Financial assets			
(i) Loans receivable	14	20.12	62.89
(ii) Other financial assets	8	25.74	27.00
(g) Other non-current assets	10	42.90	25.85
<b>Total non-current assets</b>		<b>740.86</b>	<b>918.64</b>
<b>Current assets</b>			
(a) Inventories	11	27.81	40.69
(b) Financial assets			
(i) Trade receivables	12	24.59	31.33
(ii) Cash and cash equivalents	13	46.83	23.28
(iii) Bank balance other than cash and cash equivalents above	13	106.38	-
(iv) Loans receivable	14	24.43	133.39
(v) Other financial assets	8	141.71	2.72
(c) Other current assets	10	7.74	21.00
<b>Total current assets</b>		<b>379.49</b>	<b>252.41</b>
<b>TOTAL ASSETS</b>		<b>1,120.35</b>	<b>1,171.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	55.69	55.69
(b) Other equity	16	137.32	213.89
<b>Total equity</b>		<b>193.01</b>	<b>269.58</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	431.56	465.24
(ii) Lease liabilities	6	91.52	173.70
(b) Provisions	18	3.36	2.52
(c) Deferred tax liabilities (net)	9.2	8.10	11.74
(d) Other non-current liabilities	19	-	42.17
<b>Total non-current liabilities</b>		<b>534.54</b>	<b>695.37</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	6	61.90	51.28
(ii) Trade payables	20	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		115.13	79.01
(iii) Other financial liabilities	21	47.15	32.38
(b) Other current liabilities	19	162.21	22.07
(c) Provisions	18	2.89	2.17
(d) Income tax liabilities (net)	9.3	3.52	19.19
<b>Total current liabilities</b>		<b>392.80</b>	<b>206.10</b>
<b>TOTAL LIABILITIES</b>		<b>927.34</b>	<b>901.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,120.35</b>	<b>1,171.05</b>

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

for BSR &amp; Co. LLP

Chartered Accountants

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



Siddhartha Sharma

Partner

Membership Number: 118756

for and on behalf of the Board of Directors of  
HCG Medi-Surge Hospitals Private Limited


Dr. S. S. Ajai Kumar

Director

DIN 00713779

Dr. Jagdish M Kothari

Director

DIN 00482522

Place : Bengaluru  
Date : 7 September 2021Place : Bengaluru  
Date : 7 September 2021Place : Ahmedabad  
Date : 7 September 2021

Statement of profit and loss for the year ended	Note No.	31 March 2021	31 March 2020
<b>I Income</b>			
Revenue from operations	22	1,066.91	1,136.05
Income from government grants	23	4.55	4.54
Other income	24	19.10	18.02
<b>Total income (I)</b>		<b>1,090.56</b>	<b>1,158.61</b>
<b>II Expenses</b>			
Purchases of medical and non-medical items		214.96	221.23
Changes in inventories	25	12.88	8.28
Employee benefits expense	26	115.37	130.19
Finance costs	27	79.79	85.26
Depreciation and amortisation expense	28	139.87	139.89
Other expenses	29	482.31	515.97
<b>Total expenses (II)</b>		<b>1,045.18</b>	<b>1,100.82</b>
<b>III Profit / (Loss) before exceptional items and tax (I- II)</b>		<b>45.38</b>	<b>57.79</b>
<b>IV Exceptional items</b>	30	109.02	-
<b>V Profit / (Loss) before tax (III-IV)</b>		<b>(63.64)</b>	<b>57.79</b>
<b>VI Tax expense</b>			
Current tax	9.1	17.70	17.34
Deferred tax	9.1	(3.44)	2.41
		<b>14.26</b>	<b>19.75</b>
<b>VII Profit / (Loss) for the year (V-VI)</b>		<b>(77.90)</b>	<b>38.04</b>
<b>VIII Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	36.2	(0.79)	(0.52)
(b) Income tax on the above		0.20	0.14
<b>Other comprehensive expenses for the year, net of tax</b>		<b>(0.59)</b>	<b>(0.38)</b>
<b>IX Total comprehensive income / (loss) for the year (V+VI)</b>		<b>(78.49)</b>	<b>37.66</b>

**Earnings / (loss) per equity share (nominal value of share Rs. 10)**

Basic and diluted (in Rs.)

34 (13.99) 6.83

**Significant accounting policies**

2

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

for BSR &amp; Co. LLP

Chartered Accountants

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



Siddhartha Sharma

Partner

Membership Number: 118756

for and on behalf of the Board of Directors of  
HCG Medi-Surge Hospitals Private Limited


Dr. B S Jaikumar

Director

DIN 00713779

Dr. Jagdish M Kothari

Director

DIN 00482522

Place : Bengaluru

Date : 7 September 2021



Place : Bengaluru

Date : 7 September 2021

Place : Ahmedabad

Date : 7 September 2021

HCG Medi-Surge Hospitals Private Limited

Cash flow statement for the years ended	Note No.	Rs. in Millions	
		As at 31 March 2021	As at 31 March 2020
<b>Cash flow from operating activities</b>			
Profit / (loss) before tax		(63.64)	57.79
Adjustments for:			
Finance costs		79.79	85.26
Interest income		(16.02)	(15.73)
Government grant		(4.55)	(4.54)
Depreciation and amortisation expense		139.87	139.89
Provision for contingency for customs duty		109.02	-
Provision for bad and doubtful trade receivables and advances		1.40	(8.22)
Working capital adjustment:			
Changes in trade receivables		5.34	26.03
Changes in inventories		12.88	8.28
Changes in loans, other financial assets and other assets		15.59	24.47
Changes in trade payables		36.12	(64.38)
Changes in provisions		0.77	0.55
Changes in financial liabilities and other liabilities		(11.29)	2.82
<b>Cash generated from operating activities</b>		<b>305.28</b>	<b>252.22</b>
Income tax paid		(33.37)	(2.79)
<b>Net cash generated from operating activities (A)</b>		<b>271.91</b>	<b>249.43</b>
<b>Cash flow from investing activities</b>			
Interest received		13.68	15.11
Acquisition of property, plant and equipment		(8.71)	(5.88)
Proceeds from disposal of property, plant and equipment		-	0.29
Loans given to related parties		(5.00)	(357.31)
Loans repaid by related parties		136.78	225.53
Margin money deposits, net		(239.56)	2.48
<b>Net cash used in investing activities (B)</b>		<b>(102.81)</b>	<b>(119.78)</b>
<b>Cash flows from financing activities S</b>			
Proceeds from borrowings		-	2.70
Repayment of borrowings		(6.88)	-
Repayment of principal portion of lease liability		(52.05)	(45.17)
Interest paid on lease liability		(23.34)	(27.49)
Interest and other borrowing cost paid		(63.28)	(52.08)
<b>Net cash used in financing activities (C)</b>		<b>(145.55)</b>	<b>(122.04)</b>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		<b>23.55</b>	<b>7.61</b>
Cash and cash equivalents at the beginning of the year	13	23.28	15.67
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>46.83</b>	<b>23.28</b>

For the purpose of cash flow statement, cash and cash equivalents comprise the followings:

	As at 31 March 2021	As at 31 March 2020
Cash on hand	1.50	3.96
Cheques on hand	3.29	0.79
<b>Balances with Banks</b>		
Balances with banks to the extent held as margin money	1.25	-
In current accounts	40.27	14.60
In EEFC accounts	0.52	3.93
	<b>46.83</b>	<b>23.28</b>



§ Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2021

Particulars	Rs. in Millions		
	Term loan and deferred payment obligation	Other borrowing cost	Total
Debt as at 1 April 2020	476.59	-	476.59
Interest accrued but not due	-	-	-
	476.59	-	476.59
Cash flows including interest and other borrowing cost	(53.68)	(16.48)	(70.16)
Interest and other borrowing cost*	46.22	10.23	56.45
Non cash transactions	0.58	6.25	6.83
<b>Debt as at 31 March 2021</b>	<b>469.71</b>	<b>-</b>	<b>469.71</b>

\*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

§ Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2020

Particulars	Rs. in Millions		
	Term loan and deferred payment obligation	Other borrowing cost	Total
Debt as at 1 April 2019	473.89	-	473.89
Interest accrued but not due	1.01	-	1.01
	474.90	-	474.90
Cash flows including interest and other borrowing cost	(44.81)	(4.57)	(49.38)
Interest and other borrowing cost*	46.13	11.64	57.77
Non cash transactions	0.37	(7.07)	(6.70)
<b>Debt as at 31 March 2020</b>	<b>476.59</b>	<b>-</b>	<b>476.59</b>

\*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements

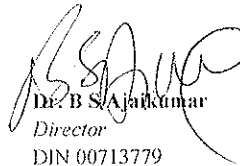
As per reports of even date attached

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



Siddhartha Sharma  
Partner  
Membership Number: 118756

for and on behalf of the Board of Directors of  
HCG Medi-Surge Hospitals Private Limited

  
Dr. B S Ajankumar  
Director  
DIN 00713779

  
Dr. Jagdish M Kothari  
Director  
DIN 00482522



Place : Bengaluru  
Date : 7 September 2021

Place : Bengaluru  
Date : 7 September 2021

Place : Ahmedabad  
Date : 7 September 2021

## Statement of changes in equity for the year ended 31 March 2021

## a. Equity share capital

	No of shares	Rs. in Million
Balance as at 1 April 2019	55,68,704	55.69
Changes in equity share capital during the year	-	-
Balance as at 31 March 2020	55,68,704	55.69
Changes in equity share capital during the year	-	-
Balance as at 31 March 2021	55,68,704	55.69

## b. Other equity

Particular	Reserves and Surplus			Rs. in Millions
	Retained earnings	Others*	Items of other comprehensive income	Total other equity
			Remeasurements of the defined benefit plan	
Balance as at 1 April 2019	125.27	50.42	0.31	176.00
Profit for the year	38.04	-	-	38.04
Other comprehensive income for the year, net of income tax	-	-	(0.38)	(0.38)
Fair valuation of corporate guarantee given by holding company	-	0.23	-	0.23
Total comprehensive income	38.04	0.23	(0.38)	37.89
Balance as at 31 March 2020	163.31	50.65	(0.07)	213.89
Loss for the year	(77.90)	-	-	(77.90)
Other comprehensive income / (loss) for the year, net of income tax	-	-	(0.59)	(0.59)
Fair valuation of corporate guarantee given by holding company	-	1.92	-	1.92
Total comprehensive income	(77.90)	1.92	(0.59)	(76.57)
Balance as at 31 March 2021	85.41	52.57	(0.66)	137.32

## Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

## Remeasurement of defined benefit plan

This represents the actuarial gain and losses on defined benefit plan (excluding interest).

\* It comprises of corporate guarantee commission on the guarantee given by Healthcare Global Enterprises Limited (Holding Company) towards the term loans of the Company.

## Significant accounting policies

2

The accompanying notes are an integral part of these financial statements

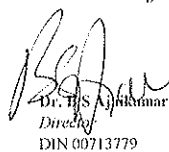
As per reports of even date attached

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

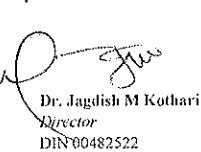


Siddhartha Sharma  
Partner  
Membership Number: 118756

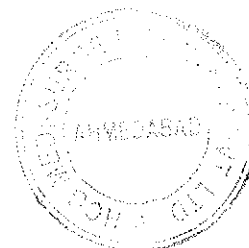
for and on behalf of the Board of Directors of  
HCG Medi-Surge Hospitals Private Limited



Dr. H.S. Ajikumar  
Director  
DIN 00713779



Dr. Jagdish M Kothari  
Director  
DIN 00482522



Place : Bengaluru  
Date : 7 September 2021

Place : Bengaluru Place : Ahmedabad  
Date : 7 September 2021 Date : 7 September 2021

**1 General information**

HCG Medi-Surge Hospitals Private Limited ('the Company') is a hospital offering specialized services in cancer treatment. The registered office of the company is situated at #1, Maharashtra Society, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006.

**2 Significant accounting policies**

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**(b) Impact of Covid-19 pandemic**

The measures put in place to control the spread of virus from latter part of March 2020, including the travel restrictions have adversely impacted both the patients' footfall and the healthcare workers, mainly during the first couple of months during the financial year 2020-21. The management has taken various measures to minimise the disruptions to patient services due to which the Company has been able to partly reduce the negative impact on its business.

Management believes that it has taken into account the possible impacts of known events arising out of COVID-19 pandemic in the preparation of financial statements including but not limited to Company's recoverable values of its property plant and equipment, allowance for trade receivables and net realisable value of other assets. Given the nature and duration of COVID-19, its impact on the financial statements may differ from that estimated as at the date of approval of these financial statements.

**(c) Functional and presentation currency**

These financial statements are presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts are in Indian Rupees million except share data and per share data, unless otherwise stated.

**(d) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement
Net defined benefit (asset)/liability	Fair Value of plan assets less present value of defined benefit obligations

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(e) Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Judgements**

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 4 - Property, plant and equipment : Timing of capitalisation and nature of cost capitalised.
- Note 5 - Lease Arrangements : Evaluation whether an arrangement qualifies to be a lease based on the requirements of the relevant standard. Identification of a lease requires significant management judgement.

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Note 4 - Estimation of useful life of property, plant and equipment
- Note 5 - Leasing arrangements and Determination of lease term and discount rate
- Note 31 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 35 - Employee benefit plans: key actuarial assumptions.
- Note 36 - Expected credit loss : Forward adjustment to the collected trend

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, allowance for trade receivables and the net realisable values of other assets. Refer note (b) above.

**(f) Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company's has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the chief financial officer.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company's uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company's recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3 Summary of significant accounting policies**

**(a) 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. As per Ind AS 115, "Revenue from contracts with customers", revenue from hospital services are recognized as and when services are performed, unless significant future uncertainties exist. The Company assess the distinct performance obligation in the contract and measures to an amount that reflects the consideration it expects to receive net of tax collected and remitted to Government and adjusted for discounts and concession. The Company based on contractual terms and past experience determines the performance obligation satisfaction over time. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

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

Pharmacy Sales are recognised when the control of the products being sold is transferred to the customer and no significant uncertainties exist regarding the amount of consideration that will be derived from the sale of goods as regarding its collection. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



#### Other operating revenue

Other operating revenue comprises revenue from various ancillary revenue generating activities like facilitation of training programmes, operations and maintenance arrangements and research projects as per the management agreement with other entities. The service income is recognised only once the services are rendered, there is no unfulfilled performance obligation as per the terms of agreement and no significant future uncertainties exist.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The Company recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer.

#### Disaggregation of revenue

The Company disaggregates revenue from hospital services (medical and healthcare services), sale of medical and non-medical items and other operating income. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

#### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### (b) Leases:

##### Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- > the contract involves the use of an identified asset;
- > the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- > the Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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 profit and loss in the period in which they arise except for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to 01 April 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

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.

#### (d) Borrowing costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.



(e) Employee benefits

*Defined benefit plan*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The net interest expense is recognised in the line item 'Finance costs'.

*Defined contribution plan*

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

*Compensated absences*

Compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum alternative tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12, Income Taxes defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

(g) Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment 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. 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 Company depreciates property, plant and equipment 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 for the

Asset category	Useful life as per the management	As per schedule II of Companies Act, 2013
Plant and Medical Equipment	10-15 years	10-15 years
Data processing equipment	3-6 years	3-6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress.

Leasehold improvements are amortized over the lower of estimated useful life and lease term.

Effective 31 March 2021, the Company has reassessed the lease term for certain lease premises (refer note 6). Considering this, the depreciation on Right of Use of Assets and interest on Lease Liabilities requires revision. Also, the related leasehold improvements will be depreciated over the shorter of the revised lease term or useful of the assets. The change in this accounting estimate is to be applied prospectively in accordance with Ind AS 8, 'Accounting policies, changes in accounting estimate and errors' and has an impact on depreciation and amortisation expense and interest on lease liabilities. The financial impact due to the change in the estimate will be over the lease term and useful life determined of the leasehold improvements. For the year ending 31 March 2022, interest on lease liabilities will reduce by Rs. 4.26 Million and depreciation on right of use assets and leasehold improvements will increase by Rs. 0.54 Million and Rs. 1.60 Million respectively. For the period thereafter, in aggregate, interest on lease liabilities will reduce by Rs. 53.04 million and depreciation on right of use assets and leasehold improvements will decrease by Rs. 37.58 million and Rs. 1.60 million respectively. Given multiple years, each future year impact has not been disclosed separately.





**(h) Intangible assets**

**Intangible assets acquired separately**

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.

**Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

Asset category	Useful Life
Computer software	3 years

**(i) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the assets.

**(j) Inventories**

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. 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 GST wherever applicable applying FIFO method.

**(k) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**Onerous contracts**

A contract is considered to be onerous when the expected economic benefits to be derived by the Company 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 Company recognises any impairment loss on the assets associated with that contract.

**(l) Financial instruments**

**a. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**b. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.



*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**c. Derecognition**

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**d. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**e. Derivative financial instruments**

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

**(m) Impairment**

**(i) Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet, whether a financial asset or a Company of financial assets is impaired. Ind AS 109 - Financial Instruments requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

**(ii) Non-financial assets**

**Tangible and Intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

**(n) Earnings per share (EPS)**

Basic earnings per share are computed by dividing profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The company does not have any dilutive potential equity shares.

**(o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

**(p) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a 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 Company are segregate.

**(q) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, are considered part of the cash management system.



(r) **Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis.

**4 Recent pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013, which are applicable from April 1, 2021. Key amendments are:

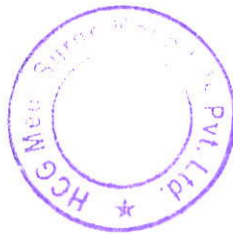
**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.



Property, plant and equipment and capital work-in-progress

Description of Assets	Rs. in Millions									
	Leasehold improvements	Plant and equipment	Furniture and fixtures	Data processing equipment	Vehicles	Tangible assets Total (A)	Capital work in progress * (B)	Total (A+B+C)		
<b>I. Gross Block</b>										
Balance as at 1 April 2019	119.51	751.38	31.16	8.44	2.25	912.74	0.63			913.37
Additions	1.52	7.44	0.34	0.26	-	9.56	5.41			14.97
Disposals	-	(1.12)	-	-	-	(1.12)	-			(1.12)
Capitalised	-	-	-	-	-	-	(1.11)			(1.11)
<b>Balance as at 31 March 2020</b>	<b>121.03</b>	<b>757.70</b>	<b>31.50</b>	<b>8.70</b>	<b>2.25</b>	<b>921.18</b>	<b>4.93</b>			<b>926.11</b>
Additions	-	7.82	-	-	-	7.82	1.51			9.33
Disposals	-	-	-	-	-	-	-			-
Capitalised	-	-	-	-	-	-	(0.75)			(0.75)
<b>Balance as at 31 March 2021</b>	<b>121.03</b>	<b>765.52</b>	<b>31.50</b>	<b>8.70</b>	<b>2.25</b>	<b>929.00</b>	<b>5.69</b>			<b>934.69</b>
<b>II. Accumulated depreciation and impairment</b>										
Balance as at 1 April 2019	73.50	178.05	15.50	5.40	0.90	273.35	-			273.35
Eliminated on disposal of assets	-	(0.83)	-	-	-	(0.83)	-			(0.83)
Depreciation expense	11.31	59.90	3.76	1.22	0.31	76.50	-			76.50
<b>Balance as at 31 March 2020</b>	<b>84.81</b>	<b>237.12</b>	<b>19.26</b>	<b>6.62</b>	<b>1.21</b>	<b>349.02</b>	<b>-</b>			<b>349.02</b>
Eliminated on disposal of assets	-	-	-	-	-	-	-			-
Depreciation expense	8.24	61.16	3.71	0.89	0.31	74.31	-			74.31
<b>Balance as at 31 March 2021</b>	<b>93.05</b>	<b>298.28</b>	<b>22.97</b>	<b>7.51</b>	<b>1.52</b>	<b>423.33</b>	<b>-</b>			<b>423.33</b>
<b>Net block as at 31 March 2020</b>	<b>36.22</b>	<b>520.58</b>	<b>12.24</b>	<b>2.08</b>	<b>1.04</b>	<b>572.16</b>	<b>4.93</b>			<b>577.09</b>
<b>Net block as at 31 March 2021</b>	<b>27.98</b>	<b>467.24</b>	<b>8.53</b>	<b>1.19</b>	<b>0.73</b>	<b>505.67</b>	<b>5.69</b>			<b>511.36</b>

Refer note 17 for details of charge created on property, plant and equipment.



6 Leases	Rs. in Millions			
	Description of Assets	Buildings	Plant and equipment	Total
<b>I. Cost</b>				
As at 1 April 2019 *	280.10	-	-	280.10
Additions	-	-	-	-
Balance as at 31 March 2020	280.10	-	-	280.10
Additions	-	17.53	-	17.53
Deletion- adjustment on remeasurement of lease liabilities #	(37.04)	-	-	(37.04)
Balance as at 31 March 2021	280.10	17.53	-	260.59
<b>II. Accumulated depreciation and impairment</b>				
As at 1 April 2019 *	-	-	-	-
Amortisation expense	60.63	-	-	60.63
Balance as at 31 March 2020	60.63	-	-	60.63
Amortisation expense	60.63	1.45	-	62.08
Balance as at 31 March 2021	121.26	1.45	-	122.71
Net block as at 31 March-2020	219.47	-	-	219.47
Net block as at 31 March 2021	158.84	16.08	-	137.88

\* The Company adopted Ind AS 116, effective from 1 April 2019 using the modified retrospective method where right of use of asset is recognised equal to lease liability recognised on the date of initial application (1 April 2019).

# During the current year, the Company has reassessed its lease term for certain leases, considering change in management plan, market condition in current pandemic and an option to leverage with the alternate premises post non-cancellable lease period. Accordingly, the lease liabilities and right-of use assets have reduced by Rs. 37.04 million.

The following is the break-up of current and non-current lease liabilities as at 31 March 2021 and 31 March 2020:

Particular's	(Rs.in million)	
	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	61.90	51.28
Non-current liabilities	91.52	173.70
<b>Total</b>	<b>153.42</b>	<b>224.98</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2021 and 31 March 2020 on a discounted basis:

Particular's	(Rs.in million)	
	As at 31 March 2021	As at 31 March 2020
Less than one year	61.90	51.28
One to five years	79.36	97.49
More than five years	12.16	76.21

The Company does not expect liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**Amounts recognised in Statement of profit and loss**

Particular's	(Rs.in million)	
	As at 31 March 2021	As at 31 March 2020
Depreciation of right-of-use assets	60.63	60.63
Interest expense on lease liabilities	23.34	27.49
Rent expenses # (refer note 29)	3.76	5.70

# During the year ended 31 March 2021, the Company incurred expenses amounting to Rs. 3.76 million (PY: Rs. 5.70 Million) towards short-term leases.

**Amounts recognised in Cash flow statement**

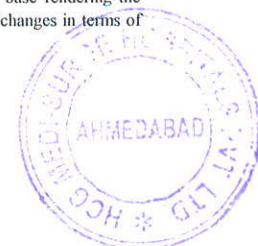
Particular's	(Rs.in million)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Repayment of principal portion of lease liability	(52.05)	(45.17)

**Commitments for leases not yet commenced:**

The Company has committed to lease hospital building for its upcoming Phase III project at Ahmedabad. The potential future lease payments (on undiscounted basis) for this lease: Rs. 2,060 Million over the period of 18 years.

**Impact of COVID-19 (Global pandemic)**

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its operations base rendering the physical infrastructure redundant. The leases that the Company has entered into with lessors for buildings are long term in nature and no changes in terms of those leases are expected due to the Covid-19.



HCG Medi-Surge Hospitals Private Limited  
Notes to the financial statements (continued)

Rs. in Millions

7 Other intangible assets

Description of Assets	Intangible Assets	
	Computer software	Total
<b>I. Gross block</b>		
Balance as at 31 March 2019	9.99	9.99
Additions	-	-
Balance as at 31 March 2020	9.99	9.99
Additions	-	-
Balance as at 31 March 2021	9.99	9.99
<b>II. Accumulated depreciation and impairment</b>		
Balance as at 01 April 2019	0.89	0.89
Depreciation expense	2.76	2.76
Balance as at 31 March 2020	3.65	3.65
Depreciation expense	3.48	3.48
Balance as at 31 March 2021	7.13	7.13
<b>Net Block as at 31 March 2020</b>	<b>6.34</b>	<b>6.34</b>
<b>Net Block as at 31 March 2021</b>	<b>2.86</b>	<b>2.86</b>



8 Other financial assets	As at 31 March 2021		As at 31 March 2020	
	Non current	Current	Non current	Current
Unbilled revenue (refer note 42)	-	4.93	-	2.72
Term deposit*	20.09	134.87	21.78	-
Interest accrued on term deposits	5.65	1.91	5.22	-
	<b>25.74</b>	<b>141.71</b>	<b>27.00</b>	<b>2.72</b>

\*The above deposits are restrictive as it pertains to margin money given against bank loan.

9 Income tax expense

9.1 Income tax recognised in the statement of profit and loss

Current income tax:

In respect of the current year

For the Year ended 31 March 2021	For the Year ended 31 March 2020
17.70	17.34

Deferred tax

In respect of the current year

(3.44)	2.41
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**Total income tax expense recognised in the statement of profit and loss**

<b>14.26</b>	<b>19.75</b>
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The reconciliation between the income tax expense of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Profit before tax for the year *	45.38	57.79
Enacted income tax rate in India	25.17%	27.82%
Computed expected tax expense	11.42	16.08
<b>Effect of:</b>		
Non-deductible expenses	1.14	1.04
MAT credit	-	2.40
Others	1.70	0.23
	<b>14.26</b>	<b>19.75</b>

\* before exceptional items

9.2 Deferred tax balances

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	17.89	19.15
Deferred tax liability	(25.99)	(30.89)
	<b>(8.10)</b>	<b>(11.74)</b>

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2021 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(30.89)	4.90	-	(25.99)
Financial assets at amortised cost	0.45	(0.45)	-	-
Provision for doubtful debts	0.63	0.29	-	0.92
Defined benefit obligation	0.92	0.24	0.20	1.36
Lease Liability net of Lease asset	1.53	2.34	-	3.87
Deferred income	12.99	(2.38)	-	10.61
43B and Others	2.62	(1.49)	-	1.13
	<b>(11.74)</b>	<b>3.44</b>	<b>0.20</b>	<b>(8.10)</b>

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2020 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(36.05)	5.16	-	(30.89)
Financial assets at amortised cost	0.45	-	-	0.45
MAT credit entitlement	6.86	(6.86)	-	-
Provision for doubtful debts	2.92	(2.29)	-	0.63
Defined benefit obligation	16.46	(15.68)	0.14	0.92
Tax losses	0.22	(0.22)	-	-
Lease Liability net of Lease asset	-	1.53	-	1.53
Deferred income	-	12.99	-	12.99
43B and Others	(0.33)	2.95	-	2.62
	<b>(9.47)</b>	<b>(2.41)</b>	<b>0.14</b>	<b>(11.74)</b>



9.3 Current tax liabilities (net)

Provision for income tax (net of advance tax)

As at 31 March 2021	As at 31 March 2020
3.52	19.19
<b>3.52</b>	<b>19.19</b>

10 Other assets (Considered good)

Capital advances  
Prepaid expenses  
Advance to vendors\*

As at 31 March 2021		As at 31 March 2020	
Non current	Current	Non current	Current
0.01	-	0.29	-
42.89	7.69	25.56	6.95
-	0.05	-	14.05
<b>42.90</b>	<b>7.74</b>	<b>25.85</b>	<b>21.00</b>

\* Includes advance to related parties (refer note 41)

11 Inventories (lower of cost and net realisable value)\*

Medicinal and non medical items\*

As at 31 March 2021	As at 31 March 2020
27.81	40.69
<b>27.81</b>	<b>40.69</b>

\*Inventories are subject to charge to secure bank loans. There are nil provision towards written down to net realisable value.

12 Trade receivables (unsecured) (refer note 42)

Considered good\*  
Considered doubtful

As at 31 March 2021	As at 31 March 2020
24.59	31.33
3.64	2.24
<b>28.23</b>	<b>33.57</b>

Allowance for bad and doubtful debts (expected credit loss allowance-refer note 38)

Net trade receivables

\* Includes receivable from related parties (refer note 41)

(3.64)	(2.24)
<b>24.59</b>	<b>31.33</b>

13 Cash and bank balances

(a) Cash and cash equivalents

Cash on hand  
Cheques on hand

Balances with Banks

Balances with banks to the extent held as margin money  
In current accounts  
In EEFC accounts

As at 31 March 2021	As at 31 March 2020
1.50	3.96
3.29	0.79
1.25	-
40.27	14.60
0.52	3.93
<b>46.83</b>	<b>23.28</b>

(b) Bank balance other than cash and cash equivalents above

Other deposit\*

106.38	-
<b>106.38</b>	<b>-</b>

\*Other deposits include margin money deposits with banks.

14 Loans receivable (unsecured, considered good)

Security deposits  
Advances to employees  
Loan to related party (refer note 41)

As at 31 March 2021		As at 31 March 2020	
Non current	Current	Non current	Current
20.12	24.31	62.89	0.98
-	0.12	-	0.63
-	-	-	131.78
<b>20.12</b>	<b>24.43</b>	<b>62.89</b>	<b>133.39</b>





15 Equity share capital

Authorised Share capital :

10,000,000 equity shares of Rs.10 each ( as at 31 March 2020 : 10,000,000)

Issued, subscribed and paid up capital comprises:

5,568,704 fully paid equity shares of Rs.10 each (as at 31 March 2020: 5,568,704 fully paid equity shares of Rs.10 each)

	As at 31 March 2021	As at 31 March 2020
Authorised Share capital :	100.00	100.00
Issued, subscribed and paid up capital comprises:	55.69	55.69

15.1 Fully paid equity shares

Balance as at 01 April 2019  
Issued during the year  
Balance as at 31 March 2020  
Issued during the year  
Balance as at 31 March 2021

	Number of shares	Share capital (Amount)
Balance as at 01 April 2019	55,68,704	55.69
Issued during the year	-	-
Balance as at 31 March 2020	55,68,704	55.69
Issued during the year	-	-
Balance as at 31 March 2021	55,68,704	55.69

15.2 Details of shares held by each shareholder holding more than 5% shares

Fully paid equity shares

HealthCare Global Enterprises Limited  
Asthta Oncology Private Limited

	As at 31 March 2021		As at 31 March 2020	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
HealthCare Global Enterprises Limited	41,20,807	74.00%	41,20,807	74.00%
Asthta Oncology Private Limited	14,47,897	26.00%	14,47,897	26.00%

15.3 Rights, preferences and restrictions attached to equity shares

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends. The Company has only one class of equity share having a par value of Rs.10 each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

15.4 There has been no buyback of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of balance sheet.

16 Other equity

Retained earnings (refer note 16.1)  
Remeasurement of defined benefit plans (refer note 16.2)  
Others (refer note 16.3)

	As at 31 March 2021	As at 31 March 2020
Retained earnings (refer note 16.1)	85.41	163.31
Remeasurement of defined benefit plans (refer note 16.2)	(0.66)	(0.07)
Others (refer note 16.3)	52.57	50.65
	137.32	213.89

16.1 Retained earnings

Balance at the beginning of the year  
Profit for the year  
Balance at the end of the year

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	163.31	125.27
Profit for the year	(77.90)	38.04
Balance at the end of the year	85.41	163.31

16.2 Remeasurements of the defined benefit plans

Balance at the beginning of the year  
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax  
Balance at the end of the year

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	(0.07)	0.31
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(0.59)	(0.38)
Balance at the end of the year	(0.66)	(0.07)

16.3 Others

Balance at the beginning of the year  
Addition during the year  
Balance at the end of the year

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	50.65	50.42
Addition during the year	1.92	0.23
Balance at the end of the year	52.57	50.65

17 Borrowings

Secured  
Term loans - from banks and financial Institutions (refer note 17.1)  
Deferred payment liabilities  
Less : Amount included under 'Other financial liabilities' (refer note 21)  
Total

	As at 31 March 2021		As at 31 March 2020	
	Non current	Current	Non current	Current
Term loans - from banks and financial Institutions (refer note 17.1)	431.56	38.15	465.24	8.51
Deferred payment liabilities	-	-	-	2.84
Less : Amount included under 'Other financial liabilities' (refer note 21)	-	(38.15)	-	(11.35)
Total	431.56	-	465.24	-



17.1 Summary of borrowing arrangements

(i) The details of security and terms of repayment of term loans and other loans are stated below.

Detail of repayment terms, interest and maturity	As at 31 March 2021	As at 31 March 2020
<b>Term loans from banks - secured</b>		
<b>Non-current portion*</b>	153.27	163.25
<b>Amounts included under current maturities of long-term debt #</b>	13.87	8.51
- Security: Exclusive charge on medical equipments and other fixed assets purchased out of bank finance. Exclusive charge on all the movable fixed asset and current assets (both present and future). Further, corporate guarantee is given by Healthcare Global Enterprises Limited, the holding company of the entity.		
- Rate of interest: bank's one year MCLR + 0.75% to 1% p.a.		
- Repayable in installments over a period of 4 to 10 years after 1 to 3 year moratorium from the date of borrowing.		
* Non-current portion of bank debt is net of Rs. 0.93 million (31 March 2020: Rs. 1.51 million) towards unamortised loan processing charges set off against loan.		
* Current maturities of long-term debt includes Rs. 1.10 million (31 March 2020: Rs. 1.47 million) towards interest accrued but not due on this loan.		
<b>Term loans from other parties - Secured</b>		
<b>Non-current portion*</b>	279.22	303.50
<b>Amounts included under current maturities of long-term debt</b>	24.28	-
Details of security and terms of repayment for the amounts borrowed during the current year:		
- Secured by a first pari-passu mortgage, charge and by way of hypothecation of entire immovable and movable properties of the Company; both present and future. A second pari-passu charge on the entire current assets, cashflow, receivables, book debts and revenue of the Company, including Trust & Retention Account / Escrow Account, of whatsoever nature and arising both present & future. First pari-passu charge on entire intangible assets of all the Company including but not limited to, goodwill and uncalled capital, intellectual property, intangible assets, both present and future.		
- Rate of interest: IDFCs benchmark rate prevailing on the date of disbursement (8.7% p.a.) + spread rate @ 1.05 p.a.		
- Repayable in installments over a period of 12 years after 5 year moratorium from the date of borrowing.		
<b>Deferred payment liabilities - unsecured</b>		
<b>Non-current portion</b>	-	-
<b>Amounts included under current maturities of long-term debt</b>	-	2.84
Repayment Term - Repayable over a period of 1 to 3 years and carries interest at the rate of 3%.		
Less: Unamortised loan processing charges	(0.93)	(1.51)
<b>Total</b>	<b>469.71</b>	<b>476.59</b>
<b>Non-current portion</b>	<b>431.56</b>	<b>465.24</b>
<b>Amounts included under current maturities of long-term debt</b>	<b>38.15</b>	<b>11.35</b>

18 Provisions

**Employee benefits**  
Gratuity (Refer note 36.2)  
Compensated absences  
**Total**

As at 31 March 2021		As at 31 March 2020	
Non current	Current	Non current	Current
3.36	2.03	2.52	1.38
-	0.86	-	0.79
<b>3.36</b>	<b>2.89</b>	<b>2.52</b>	<b>2.17</b>

19 Other liabilities

Advance from customers (refer note 42)  
Balance due to statutory/government authorities  
Deferred government grant \*  
Provision for contingency for taxes \*  
**Total**

As at 31 March 2021		As at 31 March 2020	
Non current	Current	Non current	Current
-	7.30	-	7.61
-	3.73	-	9.92
-	-	42.17	4.54
-	151.18	-	-
-	<b>162.21</b>	<b>42.17</b>	<b>22.07</b>

\* The Company imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Company expected to meet the specified criteria, it is exempt from paying customs duty on imports which is recognised as a government grant. Fair value of the government grant is capitalised along with the equipment. Deferred income is amortised over the useful life of the equipment it has been procured for. EPCG income recognised during the year is Rs 4.55 million (31 March 2019: Rs 4.81 million).

The exports are not in line with the projections and due to Covid-19, restrictions on foreign travel, there has been substantial decrease in export revenue. During the year ended 31 March 2021, the Group has estimated shortfall in meeting such export obligations and has accordingly, de-recognised the deferred government grant amounting to Rs. 42.16 million and has also made an additional provision towards estimated custom duties amounting to Rs. 109.02 million under exceptional items (refer note 30).

20 Trade payables

Total outstanding dues of creditors other than micro enterprises and small enterprises  
Total outstanding to related parties\*  
**Total**

As at 31 March 2021	As at 31 March 2020
80.78	66.34
34.35	12.67
<b>115.13</b>	<b>79.01</b>

\* For details relating to payable to related parties- refer note 41

21 Other financial liabilities

Current maturities of long-term debt (refer note 17)  
Current maturities of deferred payment obligations (refer note 17)  
Interest payable to holding company (refer note 41)  
Creditors for capital goods  
Accrued employee benefits  
**Total**

As at 31 March 2021		As at 31 March 2020	
Non current	Current	Non current	Current
-	38.15	-	8.51
-	-	-	2.84
-	-	-	6.83
-	0.06	-	0.47
-	8.94	-	13.73
-	<b>47.15</b>	-	<b>32.38</b>



	Year ended 31 March 2021	Year ended 31 March 2020
<b>22 Revenue from operations (refer note 40)</b>		
Income from medical services	1,048.57	1,112.65
Sale of medical and non medical items	13.65	17.70
Other operating revenues	4.69	5.70
	<b>1,066.91</b>	<b>1,136.05</b>
<b>23 Income from Government Grants</b>		
EPCG Income	4.55	4.54
	<b>4.55</b>	<b>4.54</b>
<b>24 Other income</b>		
Interest income	16.02	15.73
Miscellaneous income	3.08	2.29
	<b>19.10</b>	<b>18.02</b>
<b>Interest income comprise:</b>		
Interest on bank deposits	9.19	2.11
Interest on loans and advances (refer note 41)	6.54	12.62
Interest on income tax refund	0.29	1.00
	<b>16.02</b>	<b>15.73</b>
<b>25 Changes in inventories</b>		
Inventories at the beginning of the year	40.69	48.97
Inventories at the end of the year	27.81	40.69
	<b>12.88</b>	<b>8.28</b>
<b>26 Employee benefits expense</b>		
Salaries and wages	106.41	120.41
Contribution to provident and other funds (refer note 33.1)	6.91	7.65
Expense on employee stock option scheme	0.45	0.84
Staff welfare expenses	1.60	1.29
	<b>115.37</b>	<b>130.19</b>
<b>27 Finance costs</b>		
Interest costs		
Interest on bank overdrafts and loans	46.02	44.81
Interest on defined benefit obligations (Refer note 36.2)	0.31	0.29
Interest expense on lease liabilities	23.34	27.49
Interest on deferred payment obligations	-	1.32
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	0.20	1.38
Other borrowing cost		
Commission on corporate guarantee	4.52	3.73
Bank charges	5.40	6.24
	<b>79.79</b>	<b>85.26</b>
<b>28 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (refer note 4)	74.31	76.50
Depreciation of right-of-use assets (refer note 6)	62.08	60.63
Amortisation of intangible assets (refer note 7)	3.48	2.76
	<b>139.87</b>	<b>139.89</b>
<b>29 Other expenses</b>		
Medical consultancy charges (refer note 41)	328.11	365.90
Lab charges (refer note 41)	43.31	52.89
Power and fuel	18.70	18.35
House keeping expenses	6.10	9.72
Rent (refer note 6)	3.76	5.70
Repairs and maintainance		
- Buildings	1.07	1.42
- Machinery	41.15	37.53
- Others	3.90	3.57
Insurance	1.98	1.85
Rates and taxes	14.64	15.10
Printing and stationery	2.33	1.73
Advertisement, publicity and marketing	5.54	2.39
Travelling and conveyance	0.38	1.91
Legal and professional Fees	3.73	0.76
Payment to auditors (refer note 29.1)	1.71	1.41
Telephone expenses	1.05	1.06
Provision/ (reversal) for doubtful debts	1.40	(8.22)
Expenditure incurred for corporate social responsibility (refer note 31)	-	-
Miscellaneous expenses	3.45	2.90
	<b>482.31</b>	<b>515.97</b>



HCG Medi-Surge Hospitals Private Limited  
Notes to the financial statements (continued)

Rs. in Millions

29.1 Payments to auditors (excluding taxes)

As an auditor

Audit fee  
Reimbursement of expenses

	Year ended 31 March 2021	Year ended 31 March 2020
	1.71	1.41
	-	-
	1.71	1.41

30 Exceptional items

Provision for contingency for customs duty (refer note 19)

	109.02	-
	109.02	-

31 Corporate social responsibility

(a) Gross amount required to be spent by the Company during the year is Rs 0.87 million (2019-20: Rs 0.90 million)

(b) Amount spent during the year ended 31 March 2021 and 31 March 2020 on corporate social responsibility activities :

Particulars	31 March 2021	31 March 2020
Construction/acquisition of any asset	-	-
On purposes other than above	-	-

(c) Unspent amount to be transferred to fund specified under Schedule VII of the Companies Act, 2013: Rs. 0.87 Million

32 Contingent liabilities

Gujarat Value Added Tax (VAT) (refer note 1)  
Customs duty (refer note 2)  
Income tax (refer note 3)

	As at 31 March 2021	As at 31 March 2020
	17.35	15.69
	4.49	4.49
	2.74	2.74
	24.58	22.92

- 1 The Company's VAT Assessment has been done for FY 2011-12 and noted that the Company has not paid VAT totalling Rs.9.49 million on goods which the Company claimed as Exempted goods. The AO has levied interest of Rs. 4.56 million and penalty of Rs. 1.64 million by wrongly assessing service income as a taxable item and levying VAT on cafeteria which was offered by the Company to VAT under different VAT registration. The Company has filed an appeal before the Joint Commissioner of Commercial Taxes producing the relevant supporting documents for supply of exempted goods, provision of medical Services and offering of cafeteria sales under different VAT registration number. The Company believes that the VAT demand will be dropped and no adverse effect on financial statements.

The Company's VAT Assessment has been done for FY 2014-15 and 2015-16 wherein demand of Rs. 11.80 lakhs and Rs. 4.80 lakhs has been raised. The only issue in the order is that ITC is being disallowed. The Company has filed an appeal before the Joint Commissioner of Commercial Taxes which is pending. The Company has all the relevant documents to substantiate its claim for ITC. The Company believes that the VAT demand will be dropped and there is no adverse effect on the financial statements.

- 2 The Company imported radiation equipment, Linear Accelerator-True Beam with standard accessories in two consignments. First consignment with main Linear Accelerator equipment was cleared by paying CVD @5% and second consignment was cleared as accessories of the medical equipment with Nil rate of CVD by claiming benefit under Notification No.06/2006 dated 01.03.2006. The Commissioner of Customs has passed the order against the import of the second consignment as "Accessories/spare parts of Linear Accelerator" which attracts CVD @ 5% and declined the benefit of Notification No. 06/2006 and levied duty of Rs. 2.244 million and penalty of Rs. 2.244 million along with applicable interest. The Company has appealed before Customs, Excise & Service Tax Appellate Tribunal, Mumbai and is positive of claiming benefit under said notification and no adverse effect on financial statements.

- 3 During the Financial Year 2011-12, the Company had made payment to Aastha Oncology Private Limited towards their medical/professional consultancy services after deducting TDS @ 2% (Sec 197 certificate issued for Rs. 31 Million) and there after @ 10% under Section 194J. However, the AO has erred in arriving at the total amount paid/payable to Aastha Oncology Private Limited due to not considering the revised quarterly e-TDS return amount while making TDS assessment and has levied short payment of TDS of Rs. 1.51 million and interest of Rs. 1.23 million. The Company has produced the supporting documents during appeal and also accepted a short payment of TDS after considering all transactions with Aastha Oncology Private Limited during the year amounts to for Rs. 0.024 million. No adverse effect on financial statements.

The Company 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 Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements.

- 4 The Hon'ble Supreme Court has, in a decision dated 28 February 2019, ruled that special allowance would form part of wages for computing the Provident Fund (PF) contribution. The Company keeps a close watch on further clarifications and directions from the respective department based on which suitable action would be initiated, if any.

33 Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for

	As at 31 March 2021	As at 31 March 2020
	3.26	-

34 Earnings / (loss) per share

- a. Profit / (loss) for the year attributable to equity holders  
b. Weighted average number of equity shares for the year  
c. Nominal value of shares (in Rs.)  
d. Earnings / (loss) per equity share Rs. per share (a/b)

	Year ending 31 March 2021	Year ending 31 March 2020
	(77.90)	38.04
	5,568,704	5,568,704
	10	10
	(13.99)	6.83



35 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

(i) Revenue from operations

Particulars

India

Total

	Year ended 31 March 2021	Year ended 31 March 2020
India	1,066.91	1,136.05
Total	1,066.91	1,136.05

(ii) Non current assets\*

Particulars

India

Total

	Year ended 31 March 2021	Year ended 31 March 2020
India	695.00	828.75
Total	695.00	828.75

\*Non-current assets exclude financial instruments and deferred tax assets



**36 Employee benefit plans**

**36.1 Defined contribution plans**

The Company has defined contribution plan in form of provident fund and pension scheme for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the statement of profit and loss in respect of such schemes are given below:

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Contribution to provident fund and pension scheme, included under contribution to provident and other funds	6.91	7.65
	<b>6.91</b>	<b>7.65</b>

**36.2 Defined benefit plans**

The Company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.

	Year ended	Year ended
	31 March 2021	31 March 2020
Current service cost	0.95	0.75
Net interest expense	0.31	0.29
<b>Components of defined benefit costs recognised in the statement of profit and loss</b>	<b>1.26</b>	<b>1.04</b>
Service cost recognised in employee benefits expense in note 26	0.95	0.75
Net interest expense recognised in finance costs in note 27	0.31	0.29
<b>Remeasurement on the net defined benefit liability:</b>		
Actuarial loss due to changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	0.09	0.08
Actuarial (gains) / losses arising from experience adjustments	0.70	0.44
<b>Remeasurement on the net defined benefit liability recognised in other comprehensive income</b>	<b>0.79</b>	<b>0.52</b>

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Year ended	Year ended
	31 March 2021	31 March 2020
Present value of funded defined benefit obligation	5.39	3.90
Fair value of plan assets	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>5.39</b>	<b>3.90</b>
Non- Current	3.36	2.52
Current	2.03	1.38

Movements in the present value of the defined benefit obligation are as follows.

	Year ended	Year ended
	31 March 2021	31 March 2020
Opening defined benefit obligation	3.90	2.94
Current service cost	0.95	0.75
Interest cost	0.31	0.29
<b>Remeasurement (gains)/losses:</b>		
Actuarial loss due to changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	0.09	0.08
Actuarial gains and losses arising from experience adjustments	0.70	0.44
Benefits paid	(0.56)	(0.60)
<b>Closing defined benefit obligation</b>	<b>5.39</b>	<b>3.90</b>



Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses as determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant is not material.

Particulars	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(0.11)	0.11	(0.08)	0.08
Future salary increase (1% change)	0.25	(0.24)	0.18	(0.17)
Attrition rate (10% change)	(0.20)	0.23	(0.13)	0.14

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation as at 31 March 2021 is 3.60 years (net of cashflow) (as at 31 March 2020: 4.24 years).

The Principal assumptions used for the purposes of the actuarial valuations were as follows.

**Particulars**

Discount rate  
Expected rate of salary increase  
Rate of return on plan assets  
Employee turnover rate  
Mortality table

	As at 31 March 2021	As at 31 March 2020
Discount rate	5.00%	5.90%
Expected rate of salary increase	5.00%	5.00%
Rate of return on plan assets	NA	NA
Employee turnover rate	45.00%	45.00%
Mortality table	IALM 2012-14	IALM 2012-14

**Particulars**

Within 1 year  
1-2 years  
2-3 years  
3-4 years  
4-5 years  
6-10 years  
Year 10+

	Year ended 31 March 2021	Year ended 31 March 2020
Within 1 year	2.03	1.38
1-2 years	1.32	1.12
2-3 years	0.93	0.71
3-4 years	0.65	0.48
4-5 years	0.43	0.31
6-10 years	0.61	0.40
Year 10+	0.05	0.02



37 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2021 and 31 March 2020:

Particulars	Carrying value as at		Fair value as at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<b>Financial assets</b>				
<b>Amortised cost</b>				
Loans (includes current and non-current)	44.55	196.28	44.55	196.28
Trade receivables	24.59	31.33	24.59	31.33
Cash and cash equivalents	46.83	23.28	46.83	23.28
Bank balance other than cash and cash equivalents above	106.38	-	106.38	-
Other financial assets (includes current and non-current)	167.45	29.72	167.45	29.72
<b>Total assets</b>	<b>389.80</b>	<b>280.61</b>	<b>389.80</b>	<b>280.61</b>
<b>Financial liabilities</b>				
<b>Amortised cost</b>				
Borrowings (includes current maturities of borrowings)	469.71	476.59	469.71	476.59
Lease liabilities	153.42	224.98	153.42	224.98
Trade payables	115.13	79.01	115.13	79.01
Other financial liabilities (includes current and non-current)	9.00	21.03	9.00	21.03
<b>Total liabilities</b>	<b>747.26</b>	<b>801.61</b>	<b>747.26</b>	<b>801.61</b>

The management assessed that carrying value of above financial assets and liabilities approximates the fair value.  
Refer note 17.1 for details related to charge on financial assets.

38 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments.

(i) Risk management framework

The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to the credit risk from its trade receivables, unbilled revenue, cash and cash equivalents, bank deposit and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

a) Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the Company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 11 of the financial statements.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

1. The Provision matrix at the end of the reporting period is as follows:-

Category	As at	As at
	31 March 2021	31 March 2020
Less than 1 year	5% to 10%	5% to 10%
1-2 years	15%	35% to 54%
More than 2 years	100%	100%

2. Movement in the expected credit loss allowance

	Year ended 31 March 2021	Year ended 31 March 2020
Balance at beginning of the year	2.24	10.46
Additional provision during the year	1.40	(8.22)
<b>Balance at end of the year</b>	<b>2.24</b>	<b>2.24</b>

No single customer accounted for more than 10% of the revenue as of 31 March 2021 and 31 March 2020. There is no significant concentration of credit risk.

Details of geographic concentration of revenue is included in note 35 to the financial statements





**(iii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

Particulars	As at 31 March 2021				
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	38.15	41.22	57.59	61.82	270.93
Lease liabilities	61.90	20.88	22.67	20.96	27.01
Trade payables	115.13	-	-	-	-
Other financial liabilities	9.00	-	-	-	-
	<b>224.18</b>	<b>62.10</b>	<b>80.26</b>	<b>82.78</b>	<b>297.94</b>

Particulars	As at 31 March 2020				
	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	11.35	41.31	41.31	61.96	320.66
Lease liabilities	51.28	56.01	14.03	15.03	88.63
Trade payables	79.01	-	-	-	-
Other financial liabilities	21.03	-	-	-	-
	<b>162.67</b>	<b>97.32</b>	<b>55.34</b>	<b>76.99</b>	<b>409.29</b>

**(iv) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

*Cash flow and fair value interest rate risk*

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

**a. Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Variable rate long term borrowings including current maturities	469.71	472.29
<b>Total borrowings</b>	<b>469.71</b>	<b>472.29</b>

**b. Sensitivity analysis**

Particulars	Impact on profit or (loss) before tax	
	As at	As at
	31 March 2021	31 March 2020
<b>Sensitivity</b>		
1% increase in MCLR rate	(4.70)	(4.72)
1% decrease in MCLR rate	4.70	4.72

**(v) Foreign currency risk**

The Company's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have a significant impact on the financial performance of the Company. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The following table presents unhedged foreign currency risk from financial instruments as of 31 March 2021 and 31 March 2020

Particulars	As at 31 March 2021	As at 31 March 2020
	<b>Assets</b>	
Cash and cash equivalents	0.52	3.93
<b>Liabilities</b>		
Borrowings	-	1.71
<b>Net assets/(liabilities)</b>	<b>0.52</b>	<b>2.22</b>

Particulars	Impact on profit or (loss) before tax	
	As at	As at
	31 March 2021	31 March 2020
<b>USD Sensitivity</b>		
Rs/USD - Increase by 1%	0.01	0.02
Rs/USD - Decrease by 1%	(0.01)	(0.02)



39 Capital management

The Company manages its capital to ensure Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

The capital structure is as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Total equity attributable to the equity share holders of the Company	193.01	269.58
As percentage of total capital	31%	37%
Total loans and borrowings	469.71	476.59
Cash and cash equivalents	(46.83)	(23.28)
Net loans and borrowings	422.88	453.31
As a percentage of total capital	69%	63%
<b>Total capital (loans and borrowings and equity)</b>	<b>615.89</b>	<b>722.89</b>

- 40 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 has been made in the financial statements based on information received and available with the Company. 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 Company has not received any claim for interest from any supplier

Particulars	As at	As at
	31 March 2021	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	-	-

\* For details relating to payable to related parties- refer note 41



41 Related Party Disclosures

a Details of related parties:

Description of relationship	Names of related parties
Holding company	HealthCare Global Enterprise Limited
Enterprises having significant influence	Aastha Oncology Private Limited HCG Foundation
Common control entity	HCG Sun Hospital LLP Strand Life Sciences Private Limited
Key Management Personnel (KMP)	<b>Non-executive directors</b> - Kautubhbhai Dhirajlal Patel - Dr.Ramesh Shankarappashetty - Dr.B.S Ajaikumar - Rajendra Bhagwandas Toprani - Vijay Govinda Devanhalli

b Transactions with related parties

Particulars	Rs. in Millions	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Purchases of medical and non-medical items</b>		
- HealthCare Global Enterprises Limited	0.51	8.54
<b>Medical consultancy charges</b>		
- HealthCare Global Enterprises Limited	-	12.16
- Aastha Oncology Private Limited	160.60	178.46
<b>Lab charges</b>		
- Strand Life Sciences Private Limited	36.99	41.00
<b>Income from medical services</b>		
- HCG Foundation	0.30	0.85
<b>Interest on loan given</b>		
- HCG Sun Hospital LLP	1.20	0.26
- HealthCare Global Enterprises Limited	5.34	12.36
<b>Loans given</b>		
- HCG Sun Hospital LLP	5.00	13.00
- HealthCare Global Enterprises Limited	-	332.15
<b>Advances given</b>		
- HealthCare Global Enterprises Limited	-	14.05
<b>Loans / Advances repaid by</b>		
- HCG Sun Hospital LLP	18.26	-
- HealthCare Global Enterprises Limited	118.52	225.53
<b>Capital expenditure/ revenue expenditure reimbursed</b>		
- HealthCare Global Enterprises Limited	-	10.09
<b>Sale of fixed assets</b>		
- Strand Life Sciences Private Limited	-	0.24
<b>Corporate guarantee commission</b>		
- HealthCare Global Enterprises Limited	4.52	3.73
<b>Investments received during the year in (including corporate guarantee)</b>		
- HealthCare Global Enterprises Limited	2.03	0.23



c Closing balances with related parties during the year

Particulars	As at	
	31 March 2021	31 March 2020
<b>Trade receivables</b>		
- HCG Foundation	-	0.08
- Strand Life Sciences Private Limited	-	0.24
<b>Other assets</b>		
- HealthCare Global Enterprises Limited	-	14.05
<b>Other financial liabilities</b>		
- HealthCare Global Enterprises Limited	-	6.83
<b>Loans receivable</b>		
- HealthCare Global Enterprises Limited	-	118.52
- HCG Sun Hospital LLP (including interest accrued on loans)	-	13.26
<b>Trade payables</b>		
- HealthCare Global Enterprises Limited	7.85	-
- Strand Life Sciences Private Limited	9.29	-
- Aastha Oncology Private Limited	17.21	12.67
<b>Corporate guarantees</b>		
- Healthcare Global Enterprises Limited	470.64	473.80

42 Effects on adoption of Ind AS 115

Contract balances

i) Trade receivables: Refer note 12

Opening balance as on 1 April 2020

31.33

Closing balance as on 31 March 2021

24.59

ii) Unbilled revenue : Refer note 8

Opening balance as on 1 April 2020

2.72

Closing balance as on 31 March 2021

4.93

b) The Company does not have any contract asset as at 31 March 2021.

c) The contract liability amount from contracts with customers is given below :

Advance from customers : Refer note 19

Opening balance as on 1 April 2020

7.61

Closing balance as on 31 March 2021

7.30

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period

4.10

43 The Code on Social Security 2020 ('Code'), which received the Presidential Assent on 28 September 2020, subsumes nine regulations relating to social security, retirement, and employee benefits. The Code will have an impact on the contributions towards gratuity and provident fund made by the Company. The Ministry of Labour and Employment ('Ministry') has released draft rules for the Code on 13 November 2020. The effective date of the Code has not yet been notified and the related rules to ascertain the financial impact are yet to be finalized and notified. The Company will assess the impact once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

Significant accounting policies

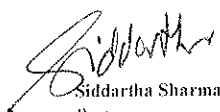
The accompanying notes are an integral part of these financial statements

As per reports of even date attached

for BSR & Co. LLP

Chartered Accountants

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

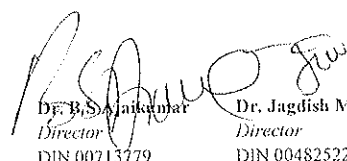
  
Siddhartha Sharma  
Partner

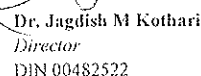
Membership Number: 118756

Place : Bengaluru

Date : 7 September 2021

for and on behalf of the Board of Directors of  
HCG Medi-Surge Hospitals Private Limited

  
Dr. B. S. Jankumar  
Director  
DIN 00713779

  
Dr. Jagdish M Kothari  
Director  
DIN 00482522

Place : Bengaluru

Date : 7 September 2021

Place : Ahmedabad

Date : 7 September 2021

