

Independent Auditors' Report

To the Partners of HCG Oncology LLP

Report on the Audit of the Statements of Account

As required by rule 24(8) of the Limited Liability Partnership Rules, 2009 ('the Rules'), we have audited the accompanying Statements of Account of HCG Oncology LLP ("the LLP" or "the entity"), which comprise the Statement of Assets and Liabilities as at 31 March 2018, the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred as "the Statements of Account").

Management's Responsibility for the Statements of Account

Management is responsible for the preparation of these Statements of Account that give a true and fair view of the financial position, financial performance and cash flows of the LLP in accordance with the accounting principles generally accepted in India, including the accounting standards issued by the Institute of Chartered Accountants of India ('the ICAI') and the provisions of the Limited Liability Partnership Act, 2008 ('the Act'), to the extent applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the LLP and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statements of Account that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statements of Account, management is responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the LLP or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statements of Account based on our audit.

We conducted our audit of the Statements of Account in accordance with the Standards on Auditing issued by ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements of Account are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statements of Account. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements of Account, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Entity's preparation of the Statements of Account that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LLP's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the entity's Management, as well as evaluating the overall presentation of the Statements of Account.

Independent Auditors' Report (continued)

HCG Oncology LLP

Auditor's responsibility (continued)

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Statements of Account or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Statements of Account.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, in our opinion the aforesaid Statements of Account give the information required by the applicable accounting principles 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 entity as at 31 March 2018, its loss and its cash flows for the year ended on that date.

Corresponding figures for the year ended 31 March 2017 of the Statements of Account have been audited by the predecessor auditor who expressed an unmodified opinion dated 21 May 2018.

This certificate is issued solely to comply with the aforementioned Act and related Rules, and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.

for B S R & Co. LLP

Chartered Accountants

ICAI firm registration number: 101248W /W-100022

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 8 August 2018

HCG Oncology LLP**Statement of assets and liabilities**

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

	Note No.	As at 31 March 2018	As at 31 March 2017
Contribution and Liabilities			
Partners' funds			
Contribution	3	113,428,617	107,328,617
Reserves and surplus	4	(137,481,498)	(84,427,929)
		(24,052,881)	22,900,688
Non-current liabilities			
Long-term borrowings	5	269,470,957	207,511,259
Other non-current liabilities	6	15,161,950	7,257,385
Long-term provisions	7	377,230	141,265
		285,010,137	214,909,909
Current liabilities			
Trade payables	8	110,829,149	91,798,226
Other current liabilities	9	108,353,872	156,178,498
Short-term provisions	10	317,916	265,367
		219,500,937	248,242,091
Total		480,458,193	486,052,688
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	11	361,464,454	380,582,839
Intangible assets	12	3,856,729	5,657,622
Long-term loans and advances	13	46,245,849	50,210,010
Other non-current assets	14	1,554,053	8,623,049
		413,121,085	445,073,520
Current assets			
Inventories	15	9,529,303	8,570,944
Trade receivables	16	30,553,307	10,994,445
Cash and cash equivalents	17A	4,589,367	1,656,701
Bank balance other than cash and cash equivalents above	17B	8,869,563	601,630
Short-term loans and advances	18	4,628,462	12,482,155
Other current assets	19	9,167,106	6,673,293
		67,337,108	40,979,168
Total		480,458,193	486,052,688

Significant accounting policies

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The accompanying notes are an integral part of these statements of account

As per our reports of even date attached

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

Chartered Accountants

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

for and on behalf of
HCG Oncology LLP**Amit Somani**

Partner

Membership Number: 060154

Dr. B S Ajaikumar

Designated Partner

DIN : 00713779

Dr. Rajiv Gopinath Bhatt

Partner

DIN: 06719548

Place: Bengaluru

Date: 8 August 2018

Place: Bengaluru

Date: 8 August 2018

Place: Bengaluru

Date: 8 August 2018

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

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

	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	20	329,244,285	190,852,183
Other income	21	1,709,132	529,981
Total income		330,953,417	191,382,164
Expenditure			
Purchase of medical and non medical items	22	90,715,015	58,577,676
Changes in inventories	23	(958,359)	(8,570,944)
Employee benefits expense	24	53,590,313	37,607,430
Finance costs	25	19,055,982	12,618,168
Depreciation and amortisation expense	26	37,054,880	29,613,994
Other expenses	27	184,549,155	143,222,597
Total expenditure		384,006,986	273,068,921
Loss before tax		(53,053,569)	(81,686,757)
Tax expense		-	-
Loss after tax		(53,053,569)	(81,686,757)

Significant accounting policies

2

The accompanying notes are on integral part of these statements of account

As per our reports of even date attached

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

Chartered Accountants

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

for and on behalf of
HCG Oncology LLP**Amit Somani**

Partner

Membership Number: 060154

Place: Bengaluru

Date: 8 August 2018

Dr. B S Ajaikumar

Designated Partner

DIN : 00713779

Place: Bengaluru

Date: 8 August 2018

Dr. Rajiv Gopinath Bhatt

Partner

DIN: 06719548

Place: Bengaluru

Date: 8 August 2018

HCG Oncology LLP**Cashflow Statement for the year ended 31 March 2018**

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

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities			
Loss before tax		(53,053,569)	(81,686,757)
Adjustments for:			
Finance costs		19,055,982	12,618,168
Depreciation and amortisation expense		37,054,880	29,613,994
Interest income		(1,230,468)	(406,141)
Operating profit before working capital changes		1,826,825	(39,860,736)
Changes in working capital:			
Inventories		(958,359)	(8,363,957)
Trade receivables		(19,558,862)	(10,994,445)
Other current assets		12,115,568	(16,525,484)
Trade payables		19,030,923	90,634,801
Other liabilities		8,191,179	19,119,423
Provisions		288,514	244,672
Cash generated from operations		20,935,788	34,254,274
Income taxes paid (net of refunds)		(5,435,449)	(296,251)
Net cash flow from operating activities (A)		15,500,339	33,958,023
B. Cash flow from investing activities			
Capital expenditure on fixed assets, including capital advances		(14,673,030)	(117,674,845)
Refund of margin money deposits		-	627,344
Interest received		31,530	51,026
Net cash used in investing activities (B)		(14,641,500)	(116,996,475)
C. Cash flow from financing activities			
Proceeds from contribution of members		6,100,000	33,664,762
Proceeds from long-term borrowings		154,744,469	57,728,147
Repayment from long-term borrowings		(139,902,587)	(3,633,455)
Finance cost		(15,234,600)	(12,005,513)
Net cash flow from financing activities (C)		5,707,282	75,753,941
Net increase in cash and cash equivalents (A+B+C)		6,566,121	(7,284,511)
Cash and cash equivalents at the beginning of the year		(1,976,754)	5,307,757
Cash and cash equivalents at the end of the year	17	4,589,367	(1,976,754)

Significant accounting policies

The accompanying notes are an integral part of these statements of account

As per our reports of even date attached

For B S R & Co. LLP

Chartered Accountants

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

for and on behalf of
HCG Oncology LLP**Amit Somani**

Partner

Membership Number: 060154

Dr. B S Ajaikumar

Designated Partner

DIN : 00713779

Dr. Rajiv Gopinath Bhat

Partner

DIN : 00713779

Place: Bengaluru

Date: 8 August 2018

Place: Bengaluru

Date :

1 Corporate information

HCG Oncology LLP ('the Firm') is a hospital offering specialized services in cancer treatment. The registered office of the Firm is situated at #1, Maharashtra Society, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006. The Firm was incorporated on 29th November 2014.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of statements of account

The statements of account of the Firm have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and relevant provision of Limited Liability Partnership Act, 2008. The statements of account have been prepared on accrual basis under the historical cost convention.

The Firm has incurred losses during the year. However, these statements of account have been prepared on a going concern basis based on Management's estimates of future operations and the letter of support received from the HealthCare Global Enterprises Limited (the Holding Company).

2.2 Use of estimates

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

2.3 Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other assets are classified as non-current.

Operating cycle

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

2.4 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 VAT/GST wherever applicable applying weighted average method.

2.5 Cash and cash equivalents

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

2.6 Cash flow statement

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

2.7 Revenue recognition

Medical services

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

Sale of medical and non-medical items

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

Other operating income

Revenue is recognised as and when services are rendered and right to receive the consideration is established.

2.8 Other income

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

2.9 Fixed assets

Tangible assets

Tangible assets are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible assets comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. 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 Firm depreciates tangible assets over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets as follows:

Asset category	Useful life as per the management
Plant and equipment	10-15 years
Lab Equipment	10 years
Office Equipments	05 years
Furniture and Fixures	10 years
Data Processing Equipments	3-6 years
Electrical Installation	10 years
Vehicles	8 years

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

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

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

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

2.10 Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences on monetary items are recognised in the Statement of income and expenditure in the period in which they arise.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

2.11 Employee benefits

Defined contribution plan

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

Defined benefit plans

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

Compensated absences

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

2.12 Borrowing costs

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

2.13 Taxes on income

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

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

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

2.14 Provisions and contingencies

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

Onerous contracts

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

2.15 Leases

A finance lease (also known as a capital lease or a sales lease) is a type of lease in which a finance firm is typically the legal owner of the asset for the duration of the lease, while the lessee not only has operating control over the asset, but also has a substantial share of the economic risks and returns from the change in the valuation of the underlying asset.

If "substantially all the risks and rewards" of ownership are transferred to the lessee then it is a finance lease. If it is not a finance lease then it is an operating lease.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income and expenditure on a straight-line basis over the lease term.

2.16 Impairment

The Firm assesses at each Statement of Assets and Liabilities date whether there is any indication that an asset may be impaired. If any such indication exists, the firm estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Income and Expenditure. If at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

3 Contribution

Particulars	As at 31 March 2018	As at 31 March 2017
Capital account		
Fixed capital contribution		
HealthCare Global Enterprises Limited	370,000	370,000
Dr. Rajiv Bhatt	130,000	130,000
	<u>500,000</u>	<u>500,000</u>
Variable capital contribution		
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	73,801,217	54,933,246
Add: Additional contribution	-	18,867,971
Balance at the end of the year	<u>73,801,217</u>	<u>73,801,217</u>
Dr. Rajiv Bhatt		
Balance at the beginning of the year	33,027,400	18,227,400
Add: Additional contribution	6,100,000	14,800,000
Balance at the end of the year	<u>39,127,400</u>	<u>33,027,400</u>
	<u>113,428,617</u>	<u>107,328,617</u>

4 Reserves and surplus

Particulars	As at 31 March 2018	As at 31 March 2017
Deficit (statement of income and expenditure)		
At the commencement of the year	(84,427,929)	(2,741,172)
Add: loss for the year	<u>(53,053,569)</u>	<u>(81,686,757)</u>
Amount available for appropriation	(137,481,498)	(84,427,929)
Share of losses appropriated to HealthCare Global Enterprises Limited	(101,736,309)	(62,476,667)
Share of losses appropriated to Dr. Rajiv Bhatt	<u>(35,745,189)</u>	<u>(21,951,262)</u>
At the end of the year	<u>(137,481,498)</u>	<u>(84,427,929)</u>

5 Long-term borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
Secured:		
- Term loan from banks (refer note (i))	254,070,957	122,760,000
Unsecured:		
- Deferred payment liabilities (refer note (ii))	-	81,117,804
Loans repayable on demand from banks	-	3,633,455
Loan from holding company	15,400,000	-
	<u>269,470,957</u>	<u>207,511,259</u>

Notes:

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Secured term loan from banks:		
Non-current portion	254,070,957	122,760,000
Amounts included under current maturities of long-term debt	9,273,511	1,240,000
Security: Exclusive charge on all assets (Equipments) and other fixed assets purchased through bank finance. First pari passu charge on all the movable fixed assets and current assets (both present and future). Corporate guarantee of Healthcare Global Enterprises Limited on the borrowing amount		
Repayment terms: Repayable in quarterly structured installments in 6 years after moratorium period of 1 year from the date of borrowing		
Rate of interest :Yes Bank base rate+ 1.00%		
(ii) Deferred payment liabilities: for purchase of fixed assets (unsecured)		
Non-current portion	-	81,117,804
Rate of interest 3.00%	77,448,660	136,233,443
Repayment over a period of 3 years		
	<u>340,793,128</u>	<u>341,351,247</u>

6 Other non-current liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Rent equalisation reserve	15,161,950	7,257,385
	<u>15,161,950</u>	<u>7,257,385</u>

7 Long-term provisions

Particulars	As at	As at
	31 March 2018	31 March 2017
Gratuity (refer note 31)	377,230	141,265
	377,230	141,265

8 Trade payable

Particulars	As at	As at
	31 March 2018	31 March 2017
Trade payables:		
- Total outstanding dues of micro enterprises and small enterprises (refer note 29)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises*	110,829,149	91,798,226
	110,829,149	91,798,226

* For details relating to payable to related parties, please refer note 33

9 Other current liabilities

Particulars	As at	As at
	31 March 2018	31 March 2017
Current maturities of long-term debt (For details of terms and security, refer note 5 above)		
From banks	9,273,511	1,240,000
Deferred payment obligation	77,448,660	136,233,443
Interest accrued but not due on borrowings	4,887,982	1,066,600
Statutory remittances	2,787,983	2,141,828
Creditors of capital goods	2,713,500	3,894,850
Advance from customers	9,025,380	9,909,050
Accrued salaries and benefits	2,216,856	1,692,727
	108,353,872	156,178,498

10 Short-term provision

Particulars	As at	As at
	31 March 2018	31 March 2017
Provision for Gratuity (refer note 30)	2,000	21,000
Provision for Compensated absence (refer note 30)	315,916	244,367
	317,916	265,367

HCG Oncology LLP

Notes to statements of account

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

11 Tangible assets

Description of assets	Leasehold Improvements	Plant and equipment	Lab equipment	Office equipment	Furniture and fixtures	Data processing equipment	Electrical installation	Vehicles	Total (A)	Capital work in progress (B)	Toat (A+B)
I. Cost											
Balance as at 31 March 2017	48,161,794	318,553,128	1,985,792	2,446,059	25,532,217	9,231,473	3,748,592	460,436	410,119,491	-	410,119,491
Additions	10,160,673	3,324,135	-	390,696	1,078,695	527,128	-	1,063,979	16,545,306	-	16,545,306
Transfer	(14,060,000)	14,060,000	-	-	-	-	-	-	-	-	-
Exchange fluctuation	-	(441,613)	-	-	-	-	-	-	(441,613)	-	(441,613)
Balance as at 31 March 2018	44,262,467	335,495,650	1,985,792	2,836,755	26,610,912	9,758,601	3,748,592	1,524,415	426,223,184	-	426,223,184
II. Accumulated depreciation											
Balance as at 31 March 2017	3,297,123	20,208,733	165,101	301,805	3,364,347	1,870,207	281,401	47,936	29,536,653	-	29,536,653
Depreciation expense	3,882,864	24,992,636	198,579	562,316	2,492,683	2,556,738	374,859	161,402	35,222,077	-	35,222,077
Transfer In/(Out) - Accumulated Depreciation	(1,858,616)	1,858,616	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	5,321,371	47,059,985	363,680	864,121	5,857,030	4,426,945	656,260	209,338	64,758,730	-	64,758,730
Net block as at 31 March 2017	44,864,671	298,344,395	1,820,691	2,144,254	22,167,870	7,361,266	3,467,191	412,500	380,582,838	-	380,582,838
Net block as at 31 March 2018	38,941,096	288,435,665	1,622,112	1,972,634	20,753,882	5,331,656	3,092,332	1,315,077	361,464,454	-	361,464,454
Description of assets	Leasehold Improvements	Plant and equipment	Lab equipment	Office equipment	Furniture and fixtures	Data processing equipment	Electrical installation	Vehicles	Total (A)	Capital work in progress (B)	Toat (A+B)
I. Cost											
As at 01 April 2016	-	-	-	-	-	-	-	-	-	300,756,561	300,756,561
Additions	48,161,794	318,553,128	1,985,792	2,446,059	25,532,217	9,231,473	3,748,592	460,436	410,119,491	109,362,930	519,482,421
Capitalisation	-	-	-	-	-	-	-	-	-	(410,119,491)	(410,119,491)
Balance as at 31 March 2017	48,161,794	318,553,128	1,985,792	2,446,059	25,532,217	9,231,473	3,748,592	460,436	410,119,491	-	410,119,491
II. Accumulated depreciation											
Balance as at 01 April 2016	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	3,297,123	19,706,254	165,101	1,777,323	3,364,347	1,870,207	281,401	47,936	30,509,692	-	30,509,692
Balance as at 31 March 2017	3,297,123	19,706,254	165,101	1,777,323	3,364,347	1,870,207	281,401	47,936	30,509,692	-	30,509,692
Net block as at 31 March 2017	44,864,671	298,846,874	1,820,691	668,736	22,167,870	7,361,266	3,467,191	412,500	379,609,799	-	379,609,799

Refer note 5 for details of charge created on property, plant and equipment.

12 Intangible assets

Description of assets	Computer software	Total
I. Cost		
Balance as at 01 April 2016	-	-
Additions	5,734,963	5,734,963
Balance as at 31 March 2017	5,734,963	5,734,963
Additions	31,910	31,910
Balance as at 31 March 2018	5,766,873	5,766,873
II. Accumulated amortisation and impairment		
Balance as at 01 April 2016	-	-
Amortisation expense	77,341	77,341
Balance as at 31 March 2017	77,341	77,341
Amortisation expense	1,832,803	1,832,803
Balance as at 31 March 2018	1,910,144	1,910,144
Net block as at 31 March 2017	5,657,622	5,657,622
Net block as at 31 March 2018	3,856,729	3,856,729

13 Long-term loans and advances

Particulars	As at	As at
	31 March 2018	31 March 2017
Unsecured, considered good		
Capital advances	4,573,689	7,217,611
Security deposits	32,381,095	39,394,199
Prepaid expenses	3,559,365	3,301,949
Advance tax	5,731,700	296,251
	46,245,849	50,210,010

14 Other non-current assets

Particulars	As at	As at
	31 March 2018	31 March 2017
Bank balance in margin money	-	8,267,934
Interest accrued on deposits	1,554,053	355,115
	1,554,053	8,623,049

15 Inventories (At lower of cost and net realisable value)

Particulars	As at	As at
	31 March 2018	31 March 2017
Medical and non medical items	9,529,303	8,570,944
	9,529,303	8,570,944

16 Trade receivables

Particulars	As at	As at
	31 March 2018	31 March 2017
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
- Unsecured, considered good	7,341,147	-
- Doubtful	380,876	-
	7,722,023	-
Less: Provision for doubtful trade receivables	(380,876)	-
	7,341,147	-
Other trade receivables:		
- Unsecured, considered good	23,212,159	10,994,444
- Doubtful	1,800,011	-
	25,012,170	10,994,444
Less: Provision for doubtful trade receivables	(1,800,011)	-
	23,212,159	10,994,444
	30,553,307	10,994,445

17 Cash and cash equivalents

Particulars	As at	As at
	31 March 2018	31 March 2017
A. Cash and cash equivalents		
Cash on hand	1,168,880	1,092,977
Cheques, drafts on hand	577,026	468,047
Balances with banks:		
- On current accounts	2,843,461	95,677
Cash and cash equivalents	4,589,367	1,656,701
B. Bank balance other than cash and cash equivalents above		
- On deposit accounts (due to mature within 12 months of the reporting date)*	8,869,563	601,630
	8,869,563	601,630

* The above deposits are restrictive as it pertain to margin money

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:

Particulars	As at	As at
	31 March 2018	31 March 2017
Cash on hand	1,168,880	1,092,977
Cheques, drafts on hand	577,026	468,047
Balances with banks:		
- On current accounts	2,843,461	95,677
- On Cash credit accounts	-	(3,633,455)
Cash and cash equivalents as per statement of cash flows	4,589,367	(1,976,754)

HCG Oncology LLP**Notes to statements of account****(All amounts in Indian rupees, except share data and unless otherwise specified)****18 Short-term loans and advances**

Particulars	As at	
	31 March 2018	31 March 2017
Considered good		
Loans and advances to employees	919	5,353
Prepaid expenses	703,260	1,490,068
Advance to vendor	3,924,283	10,986,734
	4,628,462	12,482,155

19 Other current assets

Particulars	As at	
	31 March 2018	31 March 2017
Unbilled revenue	9,167,106	6,673,293
	9,167,106	6,673,293

20 Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Medical service income	318,471,575	184,934,805
Sale of medical and non medical items	9,484,917	5,021,379
Other operating income	1,287,793	895,999
	329,244,285	190,852,183

21 Other income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income	1,230,468	406,141
Net gain on foreign currency transactions and translation	31,813	-
Other income	446,851	123,840
	1,709,132	529,981

22 Purchase of medical and non-medical items

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Medical and non-medical items*	90,715,015	58,577,676
	90,715,015	58,577,676

* includes purchases from related parties (refer note 33)

23 Changes in inventories

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the end of the year:	9,529,303	8,570,944
Inventories at the beginning of the year:	8,570,944	-
Net (increase) / decrease	(958,359)	(8,570,944)

24 Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	50,844,695	35,578,674
Contributions to provident and other funds (refer note 30)	2,326,364	1,726,503
Staff welfare expenses	419,254	302,253
	53,590,313	37,607,430

25 Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on borrowings	16,919,059	10,925,474
Bank charges	1,582,667	1,276,622
Loan processing charges	554,256	416,072
	19,055,982	12,618,168

26 Depreciation and amortisation expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment	35,222,077	29,536,653
Amortisation of intangible assets	1,832,803	77,341
	37,054,880	29,613,994

27 Other expenses

Particulars	Year ended	Year ended
	31 March 2018	31 March 2017
Medical consultancy charges (refer note 33)	94,495,825	64,008,217
Lab charges (refer note 33)	1,574,933	1,825,867
Power and fuel	9,695,302	7,971,335
House keeping and security	5,911,186	6,479,914
Rent (refer note 34)	52,185,966	41,715,322
Repairs and maintenance:		
- Buildings	635,437	548,886
- Machinery	410,615	89,310
- Others	606,923	698,920
Insurance	407,897	121,972
Rates and taxes, excluding taxes on income	579,871	431,718
Printing and stationery	2,401,011	2,625,128
Business promotion	8,588,485	9,036,414
Travelling and conveyance	1,807,442	1,774,856
Legal and professional	2,636,396	1,345,498
Payments to auditors:		
- As statutory auditors	500,000	440,000
- Out of pocket expenses and tax on above	117,650	-
Miscellaneous expenses	1,037,919	3,239,910
	184,549,155	143,222,597

28 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the statements of account based on information received and available with the Limited liability Partnership. 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 Limited liability Partnership has not received any claim for interest from any supplier

Particulars	31 March 2018	31 March 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

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

Particulars	Year ended	Year ended
	31 March 2018	31 March 2017
Deferred payment liabilities	77,448,660	217,255,345

30 Employee benefit plans

Defined contribution plans

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

The Firm has recognized the following amounts in the Statement of income and expenditure towards its contributions to provident fund.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Contribution to provident fund included under contribution to provident and other funds	2,109,399	1,693,667

Defined benefit plans

The Firm offers the Gratuity benefits (included as part of "Gratuity Expenses" in Note 25 Employee benefits expense) to its employees. The following table sets out the status of the Gratuity and the amount recognised in the Statement of assets and liabilities:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Components of employer expense		
Current service cost	208,273	119,571
Interest cost	25,499	11,541
Expected return on plan assets	-	-
Actuarial losses/(gains)	-	-
Total expense/ (credit) recognised in the Statement of income and expenditure	233,772	131,112
Actual contribution and benefits payments		
Actual benefit payments		-
Actual contributions		-
Net asset/(liability) recognised in balance sheet		
Present value of defined benefit obligation (DBO)	(379,230)	(162,265)
Fair value of plan assets	-	-
Funded status [surplus/(deficit)]	-	-
Net asset/(liability) recognised in balance sheet	(379,230)	(162,265)
Current	(2,000)	(21,000)
Non-current	(377,230)	(141,265)
Total asset / (liability) recognised in the balance sheet	(379,230)	(162,265)
Change in defined benefit obligations		
Present value of DBO at beginning of period	162,265	147,025
Transfer in/out Obligation	-	-
Current service cost	208,273	119,571
Interest cost	25,499	11,541
Prior year change	-	-
Actuarial (gains)/ losses	13,193	(98,276)
Benefits paid	(30,000)	(17,596)
Present value of DBO at the end of period	379,230	162,265
Actuarial assumption		
Discount rate	6.80%	6.40%
Expected return on plan assets	NA	NA
Salary escalation	5.00%	5.00%
Attrition rate	32.00%	32.00%
Retirement age	58 years	58 years
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

Actuarial valuation experience adjustment

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Defined benefit obligation	(379,230)	(162,265)
Plan assets		-
(Deficit)	(379,230)	(162,265)
Experience adjustment on plan liabilities	16,781	12,431
Experience adjustment on plan assets	-	-

Note:

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

Compensated absence: Expenses recognised in the Statement of income and expenditure in respect of compensated absences amounts to Rs.165,341. This employee benefit is not funded.

31 Segment information

The Firm's operations comprises of only one segment viz., setting up and managing cancer hospitals, cancer centers and medical diagnostic services. The Firm's operations are in India and therefore there are no secondary geographical segments

32 Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Designated partner	Healthcare Global Enterprises Limited
Partner	Dr. Rajiv Gopinath Bhat
Common control entity	Strand Life Sciences Private Limited

Details of related party transactions during the year ended and balances outstanding are as follows:

Transactions during the year ended	31 March 2018	31 March 2017
Purchase of pharmacy products and consumables		
HealthCare Global Enterprises Limited	55,829,050	23,186,634
Medical consultancy charges		
Dr. Rajiv Gopinath Bhatt	47,444,052	29,567,181
Lab charges		
Strand Life Sciences Private Limited	160,480	369,730
Interest on loan		
HealthCare Global Enterprises Limited	3,785,448	-
Dr. Rajiv Gopinath Bhatt	143,345	-
Contribution of capital		
HealthCare Global Enterprises Limited	-	18,867,971
Dr. Rajiv Gopinath Bhatt	6,100,000	14,800,000
Capital expenditure/ revenue expenditure repayed		
HealthCare Global Enterprises Limited	547,948	16,869,870

Balances outstanding	31 March 2018	31 March 2017
Loans and Advances taken		
HealthCare Global Enterprises Limited	15,400,000	-
Trade Payables		
HealthCare Global Enterprises Limited	70,320,842	52,645,004
Strand Life Sciences Private Limited	72,880	49,120
Partners Capital Account (fixed)		
HealthCare Global Enterprises Limited	370,000	370,000
Dr. Rajiv Gopinath Bhatt	130,000	130,000
Partners Current Account (variable)		
HealthCare Global Enterprises Limited	101,736,309	62,476,667
Dr. Rajiv Gopinath Bhatt	35,745,189	21,951,262

33 Details of leasing arrangements

The firm has entered into operating leases arrangements for building. These lease are non-cancellable for a period of 12 years and renewable for a further period of 3 years. The expense incurred on non-cancellable operating lease during the year.

Particulars	Year ended	Year ended
	31 March 2018	31 March 2017
Upto one year	37,562,940	36,607,950
More than one year and upto five years	178,259,627	162,447,778
More than five years	274,879,334	315,778,651
	490,701,901	514,834,379
Lease payments recognised in the Statement of income and expenditure with respect to above mentioned operating lease arrangement.	37,324,193	31,114,105

Total rental expenses incurred during the year under cancellable operating leases amounted to Rs. 14,861,773 (previous year: Rs. 10,601,217)

34 Contingent liabilities

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

35 Commitments

	As at	As at
	31 March 2018	31 March 2017
Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for	-	11,340,000

As per our reports of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W -100022

for and on behalf of
HCG Oncology LLP

Amit Somani
Partner
Membership Number: 060154

Dr. B S Ajaikumar
Designated Partner
DIN : 00713779

Dr. Rajiv Gopinath Bhatt
Partner
DIN: 06719548

Place: Bengaluru
Date: 8 August 2018

Place: Bengaluru
Date: 8 August 2018

Place: Bengaluru
Date: 8 August 2018