

**INDEPENDENT AUDITOR’S REPORT
TO THE PARTNERS OF HCG SUN HOSPITALS LLP
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

I have audited the accompanying Statement of Accounts of **HCG Sun Hospitals LLP** (the “LLP”), which comprise the Balance Sheet as of 31 March 2021, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter collectively referred as the “Statement of Accounts” or “Financial Statements”), as required by Rule 24(8) of the Limited Liability Partnership Rules, 2009 (the “Rules”).

In my opinion, and to the best of my information and according to the explanations given to me, the aforesaid financial statements give a true and fair view of the financial position of the LLP as of 31 March 2021, its financial performance, and its cash flows for the year ended on that date in conformity with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and other accounting principles generally accepted in India.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. My responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the LLP in accordance with the Code of Ethics issued by the ICAI and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Management’s Responsibility for the Financial Statements

LLP’s management and Designated Partners are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the LLP in accordance with Accounting Standards issued by ICAI, other accounting principles generally accepted in India and the provisions of the Limited Liability Partnership Act, 2008 (the “Act”). This responsibility also includes the design, implementation, and maintenance of adequate internal financial controls, as Designated Partners determines is necessary to enable the preparation and presentation of the financial statements free from material misstatements, whether due to fraud or error.

In preparing the financial statements of LLP, management and Designated Partners are 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 and Designated Partner either intends to liquidate the LLP or to cease operations or has no realistic alternative but to do so.

The management and Designated Partners are also responsible for overseeing the LLP’s financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 based on these financial statements.

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management and Designated Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusion on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the LLP to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that individually or in aggregate, make it probable that it may influence the economic decisions of a reasonably knowledgeable user of the financial statements. I consider quantitative materiality and qualitative factors in (i) planning the scope of my audit work and in evaluating the results of my work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



HARSHIL PATEL & CO.
CHARTERED ACCOUNTANTS

I 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 controls that I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

FOR HARSHIL PATEL & CO.
Chartered Accountants
(Firm Registration No: 148237W)



HARSHIL PATEL
Proprietor
(Membership No.: 143444)
(UDIN: 21143444AAAAFW3870)

Place: Ahmedabad
Date: 20 May 2021

HCG SUN Hospitals LLP**Balance sheet as at 31 March 2021***(Amount in Rs)*

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Contribution And Liabilities			
Partners' funds			
Partners' capital	3	29,26,42,706	23,08,54,321
Reserves and surplus	4	(16,53,01,372)	(10,33,14,172)
		12,73,41,334	12,75,40,149
Non-current liabilities			
Long-term borrowings	5	16,63,12,718	18,80,74,592
Other non-current liabilities	6	2,25,77,358	1,29,87,421
Long-term provisions	7	4,84,713	3,07,789
		18,93,74,789	20,13,69,802
Current liabilities			
Trade payables	8	7,27,75,672	6,13,91,736
Other current liabilities	9	1,26,73,799	1,34,31,586
Short-term provisions	10	2,70,949	4,10,251
		8,57,20,420	7,52,33,573
	Total	40,24,36,543	40,41,43,524
Assets			
Non-current assets			
Property, plant and equipment	11	18,28,71,466	20,20,25,701
Intangible assets	12	74,00,546	1,29,33,544
Deferred tax assets (net)	13	7,45,09,000	4,69,22,000
Long-term loans and advances	14	5,25,32,479	5,61,11,427
Other non-current assets	15	36,06,768	10,77,367
		32,09,20,259	31,90,70,039
Current assets			
Inventories	16	58,28,670	85,62,248
Trade receivables	17	3,03,15,944	4,32,29,030
Cash and bank balances	18	2,34,16,543	1,28,31,506
Short-term loans and advances	19	2,05,82,420	2,00,22,512
Other current assets	20	13,72,707	4,28,189
		8,15,16,284	8,50,73,485
	Total	40,24,36,543	40,41,43,524

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.
Chartered Accountants
(Firm Registration No. 148237W)

Harshil Patel
Proprietor
(Membership No. 143444)

Place: Ahmedabad
Date: May 20, 2021

For and on behalf of Partners of
HCG SUN Hospitals LLP

Dr. Bharat Gadhave
Designated Partner
DPIN : 1665633

Place: Ahmedabad
Date: May 20, 2021



Dr. Sudhir Bhimani
Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: May 20, 2021

HCG SUN Hospitals LLP

Statement of Profit and Loss for the year ended 31 March 2021

(Amount in Rs)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations	21	26,32,13,057	24,21,91,389
Other income	22	8,58,540	1,54,858
Total Revenue		26,40,71,597	24,23,46,247
Expenditure			
Purchase of medical and non medical items	23	7,76,74,101	7,98,12,014
Changes in inventories of medical and non-medical items	24	27,33,578	1,55,741
Employee benefits expense	25	5,19,53,266	5,05,36,096
Finance costs	26	3,50,19,085	3,39,93,786
Depreciation and amortisation expense	27	2,62,76,967	2,31,38,594
Other expenses	28	15,99,88,800	13,37,01,738
Total Expense		35,36,45,797	32,13,37,969
(Loss) before tax		(8,95,74,200)	(7,89,91,722)
Tax expense / (benefit):			
Current tax		-	-
Deferred tax		(2,75,87,000)	(2,56,63,000)
Net tax (benefit)		(2,75,87,000)	(2,56,63,000)
(Loss) after tax		(6,19,87,200)	(5,33,28,722)

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.

Chartered Accountants

(Firm Registration No. 148237W)

Harshil Patel

Proprietor

(Membership No. 143444)

Place: Ahmedabad

Date: May 20, 2021

**For and on behalf of Partners of
HCG SUN Hospitals LLP**

Dr. Bharat Gadhavi

Designated Partner

DPIN : 1665633

Place: Ahmedabad

Date: May 20, 2021



Dr. Sudhir Bhimani

Designated Partner

DPIN : 2297357

Place: Ahmedabad

Date: May 20, 2021

HCG SUN Hospitals LLP

Cash Flow Statement for the year ended 31 March 2021

(Amount in Rs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A Cash flow from operating activities		
(Loss) before tax	(8,95,74,200)	(7,89,91,722)
Adjustments for:		
Finance costs	3,50,19,085	3,39,93,786
Depreciation and amortisation expense	2,62,76,967	2,31,38,594
Provision for Discount and Disallowance	4,73,000	13,77,439
Interest income	(8,16,241)	(80,008)
Rent equalisation	95,89,937	95,89,937
Operating profit before working capital changes	(1,90,31,452)	(1,09,71,974)
Changes in operating assets and liabilities:		
(Increase) / Decrease in operating assets:		
Long-term loans and advances	(6,40,806)	25,37,753
Inventories	27,33,578	1,55,741
Trade receivables	1,24,40,086	(3,91,39,997)
Short-term loans and advances	(5,59,908)	1,84,780
Other current assets	(9,44,518)	55,52,125
Increase / (Decrease) in operating liabilities:		
Long-term provisions	1,76,924	2,29,219
Trade payables	1,13,83,936	1,81,02,607
Other current liabilities	(42,55,640)	(30,91,471)
Short-term provisions	(1,39,302)	1,37,417
Cash generated from operations	11,62,898	(2,63,03,800)
Income taxes paid (net of refunds)	37,93,695	(99,75,403)
Net cash from/(used in) operating activities (A)	49,56,593	(3,62,79,203)
B Cash flow from investing activities		
Capital expenditure on property, plant and equipment, capital advances and Deposits placed/(matured) (net)	(11,63,675)	(7,01,37,124)
Interest received	(40,63,077)	1,11,494
Net cash (used in) investing activities (B)	(44,10,511)	(6,99,28,603)
C Cash flow from financing activities		
Proceeds from contribution of members (net)	6,17,88,385	8,88,78,349
Proceeds from long-term borrowings	-	5,53,76,453
Repayment from long-term borrowings	(1,63,22,874)	-
Finance cost	(3,69,60,232)	(3,33,30,934)
Net cash from financing activities (C)	85,05,279	11,09,23,868
Net increase in cash and cash equivalents (A+B+C)	90,51,361	47,16,062
Cash and cash equivalents at the beginning of the year	1,22,44,201	75,28,139
Cash and cash equivalents at the end of the year (Refer Note 18(A))	2,12,95,562	1,22,44,201

Notes:

- The above Cash Flow Statement has been prepared as per "Indirect Method" as set out in the Accounting Standard 3 - Cash Flow Statement.

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.
Chartered Accountants
(Firm Registration No. 148237W)

Harshil Patel
Proprietor
(Membership No. 143444)

Place: Ahmedabad
Date: May 20, 2021

For and on behalf of Partners of
HCG SUN Hospitals LLP


Dr. Bharat Gadhavi
Designated Partner
DPIN : 1665633

Place: Ahmedabad
Date: May 20, 2021

S.D. Bhimani
Dr. Sudhir Bhimani
Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: May 20, 2021

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

1 Corporate information

HCG Sun Hospitals LLP ("the Firm" or "LLP") is a hospital offering multi-specialty treatment. The registered office of the Firm is situated at HCG Tower, No.8 P. Kalinga Rao Road,, Sampangi Rama Nagar, Bangalore, Karnataka, 560027, India. LLP was incorporated on September 22, 2017.

The financial statements or Statement of Accounts for the year ended 31 March 2021 were approved by the Partners and authorised for issue on May 20, 2021.

2 Summary of significant accounting policies

(a) Basis of accounting and preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. LLP has prepared these financial statements to give a true and fair view of the financial position of the LLP as at 31 March 2021, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(b) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance sheet date. Examples of such estimates include estimates of income taxes, employment benefit plans, provision for doubtful debts and estimated useful life of fixed assets. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) 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: Other operating revenue comprises revenue from various ancillary revenue generating activities like operations and maintenance arrangements as per the management agreement with other entities. The service income is recognised on the basis of services rendered and as per the terms of agreement.

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value on the First in first out (FIFO) 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 First in first out (FIFO) method.



SDBhimsani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(e) Property, Plant and Equipments

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any, except in case of land which is carried at revalued amount. Cost comprises of the purchase price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management. Subsequent costs related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met.

Items of Property, Plant and Equipment that have been retired from active use and are held for disposal are stated at the lower of their net carrying amount and net realisable value and are shown separately in the financial statements under the head 'Other current assets'. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciable amount for assets is the cost of an assets less its estimated residual value. Depreciation on tangible property, plant and equipment is provided using the Straight Line Method (SLM) over the useful lives of the assets as estimated by the management.

The estimates of useful lives of tangible assets are as follows:

Asset category	Useful life of Assets (in years)
Plant and equipment	10 to 15 year
Lab Equipment	10 year
Office Equipments	5 year
Furniture and Fixtures	10 year
Data Processing Equipments	3 to 6 year
Electrical Installation	10 year
Vehicles	8 year

(f) Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The estimated useful lives of intangible assets are as follows :

Asset category	Useful life
Computer software	6 years

(g) Foreign currency transactions

Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition: As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(h) Employee benefits

Defined Contribution Plans: The LLP's contribution to provident fund, employee state insurance scheme and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. LLP does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined Benefit Plans: The LLP provides for the gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. LLP's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long-term employee benefits: Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. LLP's liability is determined based upon simplified method of accounting at the end of the each year.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

(i) Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific 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 Statement of Profit and Loss in the period in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during the extended periods when active development on the qualifying assets is interrupted.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(j) Taxes on income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where LLP has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, LLP re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.



S-D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(k) Impairment of assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

(l) Provisions and contingencies

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of LLP or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent assets are not recognised in the financial statements.

(m) 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 LLP 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.

(n) Cash and Cash Equivalents (For the purpose of Cash Flow Statement)

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

(o) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for LLP. Further, inter-segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses is identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to LLP as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocated corporate expenses/income".



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(p) Leases

As a lessee:

(a) Operating leases: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(b) Finance leases: LLP leases certain tangible assets and such leases where LLP has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other short/long-term borrowings. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(q) Operating Cycle

All assets and liabilities have been classified as current or non-current as per LLP's operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash, LLP has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.



S.D. Bhingra

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(Amount in Rs)

	As at 31 March 2021	As at 31 March 2020
3 Partners' capital		
Fixed capital contribution		
HealthCare Global Enterprises Limited	7,40,000	7,40,000
Shiv - Sun Medical Services LLP	2,60,000	2,60,000
	10,00,000	10,00,000
Variable capital contribution		
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	20,50,14,321	12,71,30,547
Add: Addition/(Withdrawal) during the year (net)	6,18,13,385	7,78,83,774
Balance at the end of the year	26,68,27,706	20,50,14,321
Shiv - Sun Medical Services LLP		
Balance at the beginning of the year	2,48,40,000	1,38,45,425
Add: Addition/(Withdrawal) during the year (net)	(25,000)	1,09,94,575
Balance at the end of the year	2,48,15,000	2,48,40,000
Total	29,26,42,706	23,08,54,321
4 Reserves and surplus		
Deficit in Statement of Profit and Loss		
Balance at the Beginning of the year	(10,33,14,172)	(4,99,85,450)
Add: (Loss) for the year	(6,19,87,200)	(5,33,28,722)
Total	(16,53,01,372)	(10,33,14,172)
Share of losses appropriated to HealthCare Global Enterprises Limited	(12,23,23,015)	(7,64,52,487)
Share of losses appropriated to Shiv - Sun Medical Services LLP	(4,29,78,357)	(2,68,61,685)
At the end of the year	(16,53,01,372)	(10,33,14,172)
5 Long-term borrowings		
Secured:		
Term loan from banks (refer note (i))	16,63,12,718	17,50,74,592
Unsecured:		
Loan from fellow subsidiary	-	1,30,00,000
Total	16,63,12,718	18,80,74,592
Security:		
1. Secured by First charge on Current Assets including stock and Book debts, both present and future.		
2. First Charge on the movable and immovable fixed Assets, both present and future.		
3. Irrevocable and unconditional Corporate Guarantee of Holding Company till the end of the tenor of the facility.		
Rate of interest: 12 Month MCLR		
Repayment: Door to Door tenor of 120 months (including moratorium of 24 months of principle repayment) and 32 ballooning quarterly principle repayments.		
6 Other non-current liabilities		
	As at 31 March 2021	As at 31 March 2020



SD Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(Amount in Rs)

Rent equalisation reserve	2,25,77,358	1,29,87,421
Total	2,25,77,358	1,29,87,421



S. D. Bhargava

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2021

(Amount in Rs)

	As at 31 March 2021	As at 31 March 2020
7 Long-term provisions		
Provision for Gratuity (Refer note 31)	4,84,713	3,07,789
Total	4,84,713	3,07,789
8 Trade payable		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues other than micro and small enterprises	7,27,75,672	6,13,91,736
Total	7,27,75,672	6,13,91,736
<p>There are no micro and small enterprises to whom the LLP owes dues which are outstanding as at the balance sheet date. The information regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the LLP.</p>		
9 Other current liabilities		
Current maturities of long-term debt (refer note 5)	90,65,000	36,26,000
Interest accrued but not due on borrowings	-	19,41,147
Payable to employees	14,83,147	42,26,422
Advance from customers	8,13,264	14,70,824
Statutory payables	13,12,388	21,67,193
Total	1,26,73,799	1,34,31,586
10 Short-term provision		
Provision for Gratuity (Refer note 31)	1,09,872	1,01,109
Provision for Compensated absence (Refer note 31)	1,61,077	3,09,142
Total	2,70,949	4,10,251



D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

11 Property, plant and equipment	Leaschold Improvements	Plant and equipment	Medical & Lab equipment	Office Equipment	Furniture and Fixtures	Data processing equipment	Electrical installation	Vehicles	Total
A. Cost									
Balance as at 1 April 2019	2,45,78,951	1,85,33,413	14,05,31,547	4,63,670	3,00,57,177	71,11,476	11,36,182	26,51,808	22,50,64,224
Additions	1,41,847	92,880	1,02,46,787	29,912	7,28,972	7,96,140	70,332	36,259	1,21,43,129
Balance as at 31 March 2020	2,47,20,798	1,86,26,293	15,07,78,334	4,93,582	3,07,86,149	79,07,616	12,06,514	26,88,067	23,72,07,353
Additions	1,27,195	1,27,195	13,88,700	37,000	200	36,639	-	-	15,89,734
Balance as at 31 March 2021	2,47,20,798	1,87,53,488	15,21,67,034	5,30,582	3,07,86,349	79,44,255	12,06,514	26,88,067	23,87,97,087
B. Accumulated Depreciation									
Balance as at 1 April 2019	1,21,601	9,98,376	87,13,181	2,34,329	47,77,103	11,64,737	1,74,481	85,052	1,62,68,860
Depreciation expense	14,31,770	12,27,055	1,09,43,133	56,806	28,88,394	19,24,700	1,05,016	3,33,718	1,89,12,792
Balance as at 31 March 2020	15,53,371	22,25,431	1,96,56,314	2,91,135	76,65,497	30,89,437	2,79,497	4,20,770	3,51,81,652
Depreciation expense	32,86,967	12,29,206	1,10,23,318	63,803	27,63,220	19,31,615	1,09,744	3,36,096	2,07,43,969
Balance as at 31 March 2021	48,40,338	34,54,637	3,06,79,632	3,54,938	1,04,28,717	50,21,052	3,89,241	7,56,866	5,59,25,621
Net Block as at 31 March 2021	1,98,80,460	1,52,98,851	12,14,87,402	1,75,644	2,03,57,432	29,23,203	8,17,273	19,31,201	18,28,71,466
Net Block as at 31 March 2020	2,31,67,427	1,64,00,862	13,11,22,020	2,02,447	2,31,20,452	48,18,179	9,27,017	22,67,297	20,20,25,701
12 Intangible assets									
A. Cost									
Balance as at 1 April 2019	14,28,665	14,28,665							
Additions	1,58,88,734	1,58,88,734							
Balance as at 31 March 2020	1,73,17,399	1,73,17,399							
Additions									
Balance as at 31 March 2021	1,73,17,399	1,73,17,399							
B. Accumulated amortisation and impairment									
Balance as at 1 April 2019	1,58,053	1,58,053							
Amortisation expense	42,25,802	42,25,802							
Balance as at 31 March 2020	43,83,855	43,83,855							
Amortisation expense	55,32,998	55,32,998							
Balance as at 31 March 2020	99,16,853	99,16,853							
Net block as at 31 March 2021	74,00,546	74,00,546							
Net block as at 31 March 2020	1,29,33,544	1,29,33,544							



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

	As at 31 March 2021	As at 31 March 2020
13 Deferred tax Assets (net)		
Deferred tax liabilities		
Depreciation	(87,39,000)	(88,59,000)
Deferred tax assets		
Tax Losses	7,58,19,000	5,10,73,000
Others	74,29,000	47,08,000
	8,32,48,000	5,57,81,000
Deferred tax assets / (liabilities)	7,45,09,000	4,69,22,000
14 Long-term loans and advances		
Capital advances	2,20,120	6,46,179
Security deposits	4,58,60,460	4,52,04,001
Advance Income tax	64,51,899	1,02,45,594
Prepaid expenses	-	15,653
Total	5,25,32,479	5,61,11,427
15 Other non-current assets		
Bank Deposit	36,06,768	10,77,367
Total	36,06,768	10,77,367
16 Inventories		
Medical and non-medical items	58,28,670	85,62,248
Total	58,28,670	85,62,248
17 Trade receivables		
Unsecured		
Considered good	3,03,15,944	4,32,29,030
Doubtful	4,73,000	13,77,439
	3,07,88,944	4,46,06,469
Less: Provision for doubtful debts	(4,73,000)	(13,77,439)
Total	3,03,15,944	4,32,29,030



S. S. Bhonsu

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

	As at 31 March 2021	As at 31 March 2020
18 Cash and bank balances		
A Cash and cash equivalents		
Cash on hand	86,531	4,39,395
Cheques, drafts on hand	1,57,995	71,461
Balances with banks:		
- On current accounts	2,10,51,036	1,17,33,345
Total (A)	2,12,95,562	1,22,44,201
B Other bank balances		
On deposit accounts (to mature within 12 months)	21,20,981	5,87,305
Total (B)	21,20,981	5,87,305
Total (A) + (B)	2,34,16,543	1,28,31,506
19 Short-term loans and advances		
Advance to vendor	1,98,70,876	1,93,73,481
Advances to employees	1,21,728	4,99,692
Prepaid expenses	5,89,816	1,49,339
Total	2,05,82,420	2,00,22,512
20 Other current assets		
Unbilled revenue	13,72,707	4,28,189
Total	13,72,707	4,28,189



S → D. Bhargava

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
21 Revenue from operations		
Income from Medical service (net)	25,20,81,527	22,76,27,278
Sale of medical and non medical items	94,40,627	1,26,65,839
Other operating income	16,90,903	18,98,272
Total	26,32,13,057	24,21,91,389
22 Other income		
Interest income	8,16,241	80,008
Miscellaneous income	42,299	74,850
Total	8,58,540	1,54,858
23 Purchase of medical and non medical items		
Pharmacy	2,50,16,909	1,98,89,045
Total	2,50,16,909	1,98,89,045
24 Changes in inventories of medical and non-medical items		
Inventories at the end of the year:		
Medical and non-medical items	58,28,670	85,62,248
Inventories at the beginning of the year:		
Medical and non-medical items	85,62,248	87,17,989
Net (increase) / decrease in inventories of medical and non-medical items	27,33,578	1,55,741
25 Employee benefits expense		
Salaries and wages	4,82,28,656	4,68,86,105
Contributions to provident fund (refer note 31)	33,32,219	33,30,141
Expense on employee stock option scheme (refer note 29)	1,50,721	-
Gratuity expense (refer note 31)	2,41,670	3,19,850
Total	5,19,53,266	5,05,36,096



S.D. 13/3/2021

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

26 Finance costs	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on		
Borrowings	2,04,83,407	1,73,99,444
Partners' Capital	50,04,557	35,14,551
Others	1,37,291	41,78,355
Other borrowing costs		
Corporate Guarantee Expenses	84,71,786	81,44,336
Bank Charges and Loan Processing charges	9,22,044	7,57,100
Total	3,50,19,085	3,39,93,786
27 Depreciation and amortisation expense	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	2,07,43,969	1,89,12,792
Amortisation of intangible assets	55,32,998	42,25,802
Total	2,62,76,967	2,31,38,594
28 Other expenses	For the year ended 31 March 2021	For the year ended 31 March 2020
Medical consultancy charges (refer note 29)	8,92,63,809	6,67,34,133
Laboratory expenses	50,69,762	13,26,381
Power and fuel	99,43,085	1,10,41,384
House keeping and security expenses	46,55,575	54,27,842
Rent (refer note 32)	3,91,47,325	3,89,95,880
Repairs and maintenance:		
Buildings	3,96,443	3,61,822
Machinery	47,33,668	5,29,118
Others	8,57,442	5,46,483
Insurance	4,26,987	2,55,620
Rates and taxes	-	-
Printing and stationery expenses	18,455	15,645
Business promotion expenses	14,51,996	35,37,171
Travelling and conveyance expenses	17,83,348	25,01,490
Legal and professional expenses	1,93,405	5,33,229
Payments to auditors:		
As statutory auditors	3,38,300	2,47,800
Other expenses	72,032	2,63,650
Communication expenses	6,99,952	8,52,175
Provision for doubtful debts (refer note 17)	4,73,000	-
Miscellaneous expenses	4,64,216	5,31,915
Total	15,99,88,800	13,37,01,738



S-D. Bhosmgar

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

29 Related party transactions

In accordance with the requirement of Accounting Standard (AS)- 18 on "Related Party Disclosures" the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions/year end balances with them as identified and certified by the management are given below:

A - Description of relationship	Names of related parties
Holding Company	Healthcare Global Enterprises Limited
Fellow Subsidiaries	HCG Medi-Surge Hospitals Pvt. Ltd.
Enterprise in which Holding Company or Key Managerial Personnel (KMP) / relatives of KMP of Holding Company having significant influence	Strand Life Science Pvt. Ltd. HCG Foundation
Enterprise/Individuals having significant influence	Shiv Sun Medical Services LLP Girish Patel Nathalal Ladani Prashant Trivedi Sanjay Bhatt Bharat Parekh Vinod Rakholia Yogesh Mehta Sun Medisurge Pvt. Ltd.
Key Management Personnel (KMP)	Dr. Bharat Ghadhavi Dr. Sudhir Bhimani

Details of related party transactions during the year ended 31 March 2021

B Transactions during the year	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Purchase of medical and non medical items HealthCare Global Enterprises Limited	-	8,65,792
(ii) Medical consultancy charges (Partners of Shiv Sun Medical Services LLP) Sudhir Bhimani Girish Patel Nathalal Ladani Prashant Trivedi Sanjay Bhatt Bharat Parekh Vinod Rakholia Yogesh Mehta	- 1,73,414 73,738 1,70,424 3,10,149 16,682 - 66,192	41,231 12,88,911 1,67,177 6,54,800 14,61,440 3,00,779 3,900 7,28,981
(iii) Diagnostic Expenses Strand Life Science Pvt. Ltd.	-	5,73,928



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

(iv) Purchase of Medical and non-medical items Strand Life Science Pvt. Ltd.	-	10,15,209
(v) Purchase of Property, Plant and Equipments Strand Life Science Pvt. Ltd.	-	53,70,025



S. D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

B Transactions during the year	For the year ended 31	For the year ended 31
	March 2021	March 2020
(vi) Rent and amenities charges paid Sun Medisurge Pvt. Ltd.	2,40,00,000	2,40,00,000
(vii) Sales of Medical consultancy HCG Foundation	82,423	823
(viii) Reimbursement of expense on employee stock option scheme HealthCare Global Enterprises Limited	1,50,721	-
(ix) Loans Taken HCG Medi-Surge Hospitals Pvt. Ltd.	-	1,30,00,000
(x) Loans Repaid HCG Medi-Surge Hospitals Pvt. Ltd.	1,30,00,000	-
(xi) Interest on Capital Contribution HealthCare Global Enterprises Limited	50,04,557	35,14,551
(xii) Interest on loan HCG Medi-Surge Hospitals Pvt. Ltd.	11,98,899	2,60,620
(xiii) Corporate Guarantee Issued HealthCare Global Enterprises Limited	-	4,49,75,861
(xiv) Corporate Guarantee Commission HealthCare Global Enterprises Limited	71,79,480	69,01,980
(xv) Contribution of capital HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	6,18,13,385 (25,000)	7,78,83,774 1,09,94,575



Sud. Bhishan

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

C	Balances outstanding	As at 31 March 2021	As at 31 March 2020
(i)	Interest Payable HealthCare Global Enterprises Limited	-	19,41,147
(ii)	Corporate Guarantee Issued HealthCare Global Enterprises Limited	17,76,74,000	18,13,00,000
(iii)	Loan payable HCG Medi-Surge Hospitals Pvt. Ltd.	-	1,30,00,000
(iv)	Trade Payables HealthCare Global Enterprises Limited	1,78,04,262	1,97,40,405
(v)	Trade Receivable HCG Foundation	4,91,541	1,07,423
(vi)	Security Deposit for Lease Sun Medi-Surge Pvt. Ltd.	4,50,00,000	4,50,00,000
(vii)	Loans and Advances Sun Medi-Surge Pvt. Ltd.	1,93,74,321	1,92,30,321
(viii)	Partners Capital Account (Fixed) HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	7,40,000 2,60,000	7,40,000 2,60,000
(ix)	Partners Current Account (Variable) HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	26,68,27,706 2,48,15,000	20,50,14,321 2,48,40,000
30	Segment Report		

The LLP's operations comprises of only one segment viz., setting up and managing hospitals and offering multi-specialty treatment. The LLP's operations are in India and therefore there are no secondary geographical segments.



S-D. Bhaswan

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

31 Employee benefit plans

(i) Defined contribution plans

The LLP has defined contribution plan in form of Provident Fund & Pension Scheme for qualifying employees. Under the Schemes, the LLP 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	For the year ended 31	For the year ended 31
	March 2021	March 2020
Contribution to Provident Fund & Pension Scheme	33,32,219	33,30,141
	33,32,219	33,30,141

(ii) Defined benefit plans

LLP's gratuity plan (unfunded) provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to a ceiling of Rs. 2,000,000 as per Payment of Gratuity Act. Vesting occurs upon completion of 5 years of service. In case of death while in service, the gratuity is payable irrespective of vesting.

A Assumptions

	As at 31 March 2021	As at 31 March 2020
Discount rate(s)	5%	7%
Expected rate(s) of salary increase	5%	5%
Employee turnover rate	45%	45%
Mortality Rates	100% of India Assured Lives 2012-14 Ultimate	100% of India Assured Lives 2006-08 Ultimate

B Expenses recognised in Statement of Profit and Loss

	For the year ended 31	For the year ended 31
	March 2021	March 2020
Current service cost	1,78,517	1,29,561
Net interest expense	34,464	25,655
Remeasurement of Defined Benefit Obligation		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(248)
Actuarial (gains) / losses arising from changes in financial assumptions	16,918	11,834
Actuarial (gains) / losses arising from experience adjustments	11,771	1,53,048
Total	2,41,670	3,19,850

C Present value of defined benefit obligation

	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	4,08,898	89,048
Current service cost	1,78,517	1,29,561
Interest cost	34,464	25,655
Remeasurement of Defined Benefit Obligation	28,689	1,64,634
Benefits paid	(55,983)	-
Balance at the end of the year	5,94,585	4,08,898



S. D. Bhishani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

D Asset/ (liability) recognised in the Balance Sheet	As at 31 March 2021 As at 31 March 2020	
	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation	5,94,585	4,08,898
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (Unfunded)	5,94,585	4,08,898



5-3-2021

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

(iii) Compensated absence:

The employees are entitled for leave for each year of service and part thereof, subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during/at the end of the service period. The plan is unfunded.

Expenses recognised in the Statement of Profit and Loss amounts to Rs. (1,48,065) (Previous year: Rs. 2,33,190)

32 Details of leasing arrangements

The LLP has entered into operating lease arrangements for hospital building and fittings. The lease is non cancellable for a period of 9 years for the LLP. The escalation in lease agreements provide for 12% increments every 3 years.

Particulars	As at 31 March 2021	As at 31 March 2020
Upto One year	2,66,40,000	2,40,00,000
More than one year and upto five years	14,38,08,000	14,03,42,400
More than five years	35,87,77,573	38,88,83,173
Total	52,92,25,573	55,32,25,573

33 Commitments

	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	16,90,427	1,85,633

34 Deferred tax Assets (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities		
Depreciation	(87,39,000)	(88,59,000)
	(87,39,000)	(88,59,000)
Deferred tax assets		
Tax Losses	7,58,19,000	5,10,73,000
Others	74,29,000	47,08,000
	8,32,48,000	5,57,81,000
Deferred tax assets / (liabilities)	7,45,09,000	4,69,22,000



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March 2021

(Amount in Rs)

- 35 LLP has incurred losses during the year and its current liability exceeds current assets. However, financial statements have been prepared on a going concern basis on Management's estimates of future operation and the letter of support received from Holding Company. Considering this, no adjustment have been made to the carrying values or classification of the balance sheet.
- 36 The number of new cases of COVID-19 which had reached its lowest level in the first week of February 2021 has geared up significantly in March 21. Different forms of restrictions have been imposed by various state governments and local bodies to control this strong second wave of the pandemic but these restrictions are not as severe as the lockdown during the first wave. The Company's operations are currently running at normal levels.

The Company has made a detailed assessment of its liquidity position and recoverability of carrying amount of financial and non-financial assets and concluded that there are no material adjustments required in the financial statements for the year ended March 31, 2021. Management believes that it has considered all the possible impacts of known events arising from the COVID -19 pandemic in the preparation of financial statements for the year ended March 31, 2021. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor changes to the future economic conditions for any material impact on its business as the situation evolves.

For Harshil Patel & Co.

Chartered Accountants
(Firm Registration No. 148237W)

Harshil Patel

Proprietor
(Membership No. 143444)

Place: Ahmedabad
Date: May 20, 2021

For and on behalf of Partners of

HCG SUN Hospitals LLP



Dr. Bharat Gadhavi

Designated Partner
DPIN : 1665633

Place: Ahmedabad
Date: May 20, 2021

Dr. Sudhir Bhimani

Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: May 20, 2021

S.D. Bhimani