

# B S R & Co. LLP

Chartered Accountants

Embassy Golf Links Business Park,  
Pebble Beach, B Block, 3<sup>rd</sup> Floor, No. 13/2,  
Off Intermediate Ring Road,  
Bengaluru-560 071 India

Telephone: + 91 80 4682 3000  
Fax: + 91 80 4682 3999

## Independent Auditor's Report

**To the Members of HCG Medi-Surge Hospitals Private Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of HCG Medi-Surge Hospitals Private Limited (the "Company") which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

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

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

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

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

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

Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

## Independent Auditor's Report (Continued)

### HCG Medi-Surge Hospitals Private Limited

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

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Independent Auditor's Report (Continued)**  
**HCG Medi-Surge Hospitals Private Limited**

safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 32 to the financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 44 (iv) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
    - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
    - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 44 (v) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or

**Independent Auditor's Report (Continued)**  
**HCG Medi-Surge Hospitals Private Limited**

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Siddhartha Sharma**

*Partner*

Place: Bengaluru

Membership No.: 118756

Date: 29 August 2022

ICAI UDIN:22118756AQFMJK2022

**Annexure A to the Independent Auditor’s Report on the Financial Statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022**

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of immovable property where the Company is the lessee, the lease agreements are duly executed in favour of the Company, except the below:

Description of property	Gross carrying value (Rs. in million)	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Hospital Building	Right of Use: 153 Lease liabilities: 149	Lessor	No	From 19 March 2022, the existing lease agreement expired.	The lease arrangement has been executed on 13 May 2022 in the name of the Company.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

**Annexure A to the Independent Auditor's Report on the Financial Statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022 (Continued)**

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund and serious delays in Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Due date	Date of payment
Custom Act, 1962	Duty of Customs	158.27	Various dates	Various dates	Unpaid

- (b) According to the information and explanations given to us and on the basis of our examination

**Annexure A to the Independent Auditor's Report on the Financial Statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022 (Continued)**

of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.74	FY 2011-12	CIT (A)
Gujarat VAT Act	Value Added Tax	15.69 (0.20)*	FY 2011-12	Commissioner of Commercial Tax
Gujarat VAT Act	Value Added Tax	1.18	FY 2014-15	Commissioner of Commercial Tax
Gujarat VAT Act	Value Added Tax	0.48	FY 2015-16	Commissioner of Commercial Tax
Custom Act, 1962	Duty of Customs	4.49	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal

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

\* represents amount paid under protest.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.

**Annexure A to the Independent Auditor's Report on the Financial Statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022 (Continued)**

- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause (ix) (f) of the order is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
  - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
  - (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
  - (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
  - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
  - (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding



**Annexure A to the Independent Auditor's Report on the Financial Statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022 (Continued)**

financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Siddartha Sharma**

*Partner*

Place: Bengaluru

Membership No.: 118756

Date: 29 August 2022

ICAI UDIN:22118756AQFMJK2022

**Annexure B to the Independent Auditor's Report on the financial statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022**

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

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

**Opinion**

We have audited the internal financial controls with reference to financial statements of HCG Medi-Surge Hospitals Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to

**Annexure B to the Independent Auditor's Report on the financial statements of HCG Medi-Surge Hospitals Private Limited for the year ended 31 March 2022 (Continued)**

provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**Siddhartha Sharma**

*Partner*

Place: Bengaluru

Membership No.: 118756

Date: 29 August 2022

ICAI UDIN:22118756AQFMJK2022

Balance Sheet as at	Note No.	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	441.99	505.67
(b) Capital work-in-progress	5	11.38	5.69
(c) Right-of-use assets	6	227.45	137.88
(d) Other intangible assets	7	0.08	2.86
(e) Financial assets			
(i) Other financial assets	8	68.81	45.86
(f) Deferred tax assets (net)	9.2	10.12	-
(g) Other non-current assets	10	77.22	42.90
<b>Total non - current assets</b>		<b>837.05</b>	<b>740.86</b>
<b>Current assets</b>			
(a) Inventories	11	30.85	27.81
(b) Financial assets			
(i) Trade receivables	12	57.49	24.59
(ii) Cash and cash equivalents	13	460.46	46.83
(iii) Bank balance other than cash and cash equivalents above	13	0.36	106.38
(iv) Loans receivable	14	-	0.12
(v) Other financial assets	8	8.69	166.02
(c) Other current assets	10	11.03	7.74
<b>Total current assets</b>		<b>568.88</b>	<b>379.49</b>
<b>TOTAL ASSETS</b>		<b>1,405.93</b>	<b>1,120.35</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	55.69	55.69
(b) Other equity	16	274.70	137.32
<b>Total equity</b>		<b>330.39</b>	<b>193.01</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	426.96	431.56
(ii) Lease liabilities	6	172.22	91.52
(b) Provisions	18	3.20	3.36
(c) Deferred tax liabilities (net)	9.2	-	8.10
<b>Total non - current liabilities</b>		<b>602.38</b>	<b>534.54</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	24.62	38.15
(ii) Lease liabilities	6	66.61	61.90
(iii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		0.37	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		176.86	115.13
(iv) Other financial liabilities	21	17.99	9.00
(b) Other current liabilities	19	175.59	162.21
(c) Provisions	18	5.81	2.89
(d) Income tax liabilities (net)	9.3	5.31	3.52
<b>Total current liabilities</b>		<b>473.16</b>	<b>392.80</b>
<b>TOTAL LIABILITIES</b>		<b>1,075.54</b>	<b>927.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,405.93</b>	<b>1,120.35</b>

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

for B S R &amp; Co. LLP

Chartered Accountants

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

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

Sd/-

Siddhartha Sharma

Partner

Membership Number: 118756

Sd/-

Dr. B S Ajaikumar

Director

DIN 00713779

Sd/-

Dr. Rajendra B. Toprani

Director

DIN 01576097

Place : Bengaluru

Date: 29 August 2022

Place : Bengaluru

Date: 29 August 2022

Place : Ahmedabad

Date: 29 August 2022

## HCG Medi-Surge Hospitals Private Limited

Statement of profit and loss for the year ended	Note No.	Rs. In Millions	
		31 March 2022	31 March 2021
<b>I Income</b>			
Revenue from operations	22	1,479.60	1,066.91
Income from government grants	23	-	4.55
Other income	24	21.00	19.10
<b>Total income (I)</b>		<b>1,500.60</b>	<b>1,090.56</b>
<b>II Expenses</b>			
Purchases of medical and non-medical items		346.54	214.96
Changes in inventories	25	(3.04)	12.88
Employee benefits expense	26	130.57	115.37
Finance costs	27	75.03	79.79
Depreciation and amortisation expense	28	141.97	139.87
Other expenses	29	625.55	482.31
<b>Total expenses (II)</b>		<b>1,316.62</b>	<b>1,045.18</b>
<b>III Profit before exceptional items and tax (I- II)</b>		<b>183.98</b>	<b>45.38</b>
<b>IV Exceptional items</b>	30	25.28	109.02
<b>V Profit / (Loss) before tax (III-IV)</b>		<b>158.70</b>	<b>(63.64)</b>
<b>VI Tax expense</b>			
Current tax	9.1	53.70	17.70
Deferred tax	9.1	(18.33)	(3.44)
		<b>35.37</b>	<b>14.26</b>
<b>VII Profit / (Loss) for the year (V-VI)</b>		<b>123.33</b>	<b>(77.90)</b>
<b>VIII Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans	36.2	0.42	(0.79)
(b) Income tax on the above		(0.11)	0.20
<b>Other comprehensive income/(expenses) for the year, net of tax</b>		<b>0.31</b>	<b>(0.59)</b>
<b>IX Total comprehensive income / (loss) for the year (VII+VIII)</b>		<b>123.64</b>	<b>(78.49)</b>
<b>Earnings/(loss) per equity share (nominal value of share Rs. 10)</b>			
Basic and diluted (in Rs.)	34	22.15	(13.99)

Significant accounting policies

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

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

Chartered Accountants

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

for and on behalf of the Board of Directors of

**HCG Medi-Surge Hospitals Private Limited**

Sd/-

**Siddhartha Sharma**

Partner

Membership Number: 118756

Sd/-

**Dr. B S Ajaikumar**

Director

DIN 00713779

Sd/-

**Dr. Rajendra B. Toprani**

Director

DIN 01576097

Place : Bengaluru

Date: 29 August 2022

Place : Bengaluru

Date: 29 August 2022

Place : Ahmedabad

Date: 29 August 2022

Cash flow statement for the years ended	Note No.	31 March 2022	31 March 2021
<b>Cash flow from operating activities</b>			
Profit / (loss) before tax for the year		158.70	(63.64)
Adjustments for:			
Finance costs		75.03	79.79
Interest income		(18.32)	(16.02)
Income from Government grant		-	(4.55)
Depreciation and amortisation expense		141.97	139.87
Exceptional items		25.28	109.02
Provision for bad and doubtful trade receivables		6.66	1.40
Expense on employee stock option scheme (refer note 41)		1.42	-
Movements in working capital:			
Changes in trade receivables		(39.56)	5.34
Changes in inventories		(3.04)	12.88
Changes in loans, other financial assets and other assets		(32.12)	15.59
Changes in trade payables		61.84	36.12
Changes in provisions		3.18	0.77
Changes in financial liabilities and other liabilities		9.04	(11.29)
<b>Cash generated from operating activities</b>		<b>390.08</b>	<b>305.28</b>
Income tax paid		(51.91)	(33.37)
<b>Net cash generated from operating activities (A)</b>		<b>338.17</b>	<b>271.91</b>
<b>Cash flow from investing activities</b>			
Interest received		17.48	13.68
Acquisition of property, plant and equipment		(35.85)	(8.71)
Loan given to related parties		-	(5.00)
Loan repaid by related parties		-	136.78
Proceeds from maturity of fixed deposits		462.52	-
Investment in fixed deposits		(216.83)	(239.56)
<b>Net cash generated from/ (used in) investing activities (B)</b>		<b>227.32</b>	<b>(102.81)</b>
<b>Cash flows from financing activities S</b>			
Proceeds from borrowings		303.00	-
Repayment of borrowings		(318.73)	(6.88)
Repayment of principal portion of lease liability		(63.36)	(52.05)
Interest paid on lease liability		(14.16)	(23.34)
Loan foreclosure expenses		(14.04)	-
Interest and other borrowing cost paid		(44.57)	(63.28)
<b>Net cash (used in) financing activities (C)</b>		<b>(151.86)</b>	<b>(145.55)</b>
Net increase in cash and cash equivalents (A+B+C)		<b>413.63</b>	<b>23.55</b>
Cash and cash equivalents at the beginning of the year	13	46.83	23.28
<b>Cash and cash equivalents at the end of the year</b>	13	<b>460.46</b>	<b>46.83</b>

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

	As at 31 March 2022	As at 31 March 2021
Cash on hand	1.93	1.50
Cheques on hand	1.85	3.29
<b>Balances with Banks</b>		
In deposit accounts	412.52	1.25
In current accounts	44.12	40.27
In EEFC accounts	0.04	0.52
	<b>460.46</b>	<b>46.83</b>

**S Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2022**

Particulars	Term loan and deferred payment obligation	Other borrowing cost	Total
Debt as at 1 April 2021	469.71	-	469.71
Interest accrued but not due	-	-	-
	469.71	-	469.71
Cash flows including interest and other borrowing cost	(36.99)	(23.31)	(60.30)
Interest and other borrowing cost*	21.26	39.61	60.87
Non cash transactions	(2.40)	(16.30)	(18.70)
<b>Debt as at 31 March 2022</b>	<b>451.58</b>	<b>-</b>	<b>451.58</b>

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

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

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

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

Significant accounting policies

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

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

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

Sd/-  
**Siddhartha Sharma**  
Partner  
Membership Number: 118756  
Place : Bengaluru  
Date: 29 August 2022

Sd/-  
**Dr. B S Ajaikumar**  
Director  
DIN 00713779  
Place : Bengaluru  
Date: 29 August 2022

Sd/-  
**Dr. Rajendra B. Toprani**  
Director  
DIN 01576097  
Place : Bengaluru  
Date: 29 August 2022

HCG Medi-Surge Hospitals Private Limited

Statement of changes in equity for the year ended 31 March 2022

a. Equity share capital\*

	No of shares	Rs. in Million
Balance as at 1 April 2020	5,568,704	55.69
Changes in equity share capital during the year	-	-
Balance as at 31 March 2021	5,568,704	55.69
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	5,568,704	55.69

b. Other equity\*

Particular	Rs. In Millions			Total other equity
	Reserves and Surplus		Items of other comprehensive income	
	Retained earnings	Others*	Remeasurements of the defined benefit plan	
Balance as at 1 April 2020	163.31	50.65	(0.07)	213.89
Loss for the year	(77.90)	-	-	(77.90)
Other comprehensive expenses for the year, net of income tax	-	-	(0.59)	(0.59)
Fair valuation of corporate guarantee given by holding company	-	1.92	-	1.92
<b>Total comprehensive income</b>	<b>(77.90)</b>	<b>1.92</b>	<b>(0.59)</b>	<b>(76.57)</b>
Balance as at 31 March 2021	85.41	52.57	(0.66)	137.32
Profit for the year	123.33	-	-	123.33
Other comprehensive income / (loss) for the year, net of income tax	-	-	0.31	0.31
Fair valuation of corporate guarantee given by holding company	-	13.74	-	13.74
<b>Total comprehensive income</b>	<b>123.33</b>	<b>13.74</b>	<b>0.31</b>	<b>137.38</b>
Balance as at 31 March 2022	208.74	66.31	(0.35)	274.70

Retained earnings

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

Remeasurement of defined benefit plan

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

\* There are no changes in equity share capital and other equity due to prior period errors.

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

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

for B S R & Co. LLP

Chartered Accountants

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

for and on behalf of the Board of Directors of

HCG Medi-Surge Hospitals Private Limited

Sd/-

Siddhartha Sharma

Partner

Membership Number: 118756

Sd/-

Dr. B S Ajaikumar

Director

DIN 00713779

Sd/-

Dr. Rajendra B. Toprani

Director

DIN 01576097

Place : Bengaluru

Date: 29 August 2022

Place : Bengaluru

Date: 29 August 2022

Place : Ahmedabad

Date: 29 August 2022

**1 General information**

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

The financial statements for the year ended 31 March 2022 were approved by the Board of Directors and authorised for issue on 29 August 2022.

**2 Significant accounting policies**

**2.1 Basis of preparation of the financial statements**

**(a) Statement of compliance**

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

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

The measures put in place to control the spread of virus, including the travel restrictions adversely impacted the patients' footfall and the healthcare workers. Following the easing of lockdown restrictions and pursuant to various measures taken by the management to adapt to the changing circumstances, the Company was able to gradually recover.

Management believes that it has taken into account the possible impacts of known events arising from COVID-19 pandemic in the preparation of the financial statements including but not limited to its assessment of the Company's liquidity position and various estimates in relation to the financial statements captions, including recoverability of Property, Plant and Equipments and meeting its financial obligations upto the date of adoption of financial statements by the Board of Directors. Given the nature and duration of COVID-19, its impact on the financial statements may differ from that estimated as at the date of approval of these financial statements. The management will continue to monitor changes to the future economic conditions for any material impact.

**(c) Functional and presentation currency**

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

**(d) Basis of measurement**

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

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

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

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

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

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

Application of accounting policies that require accounting estimates involving judgments and the use of assumptions in the standalone financial statements have been disclosed below:

**Judgements**

- Note 4 - Property, plant and equipment : Timing of capitalisation and nature of cost capitalised.
- Note 6 - Lease Arrangements : Evaluation whether an arrangement qualifies to be a lease based on the requirements of the relevant standard. Identification of a lease requires significant management judgement.

**Assumptions and estimation uncertainties**

- Note 4 - Estimation of useful life of property, plant and equipment
- Note 6 - Leasing arrangements and Determination of lease term and discount rate
- Note 9 - Deferred tax balances (net) : Timing and level of future taxable profit
- Note 32 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 36 - Employee benefit plans: key actuarial assumptions.
- Note 38 and 12 - Expected credit loss : Forward adjustment to the collected trend

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

**(f) Measurement of fair values**

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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



## 2.2 Summary of significant accounting policies

### (a) Revenue recognition

#### Medical services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. As per Ind AS 115, "Revenue from contracts with customers", revenue from hospital services are recognized as and when services are performed, unless significant future uncertainties exist. The Company assesses the distinct performance obligation in the contract and measures to an amount that reflects the consideration it expects to receive net of tax collected and remitted to Government and adjusted for discounts and concession. The Company based on contractual terms and past experience determines the performance obligation satisfaction over time. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

#### Sale of medical and non-medical items

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

#### Other operating revenue

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

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

#### Disaggregation of revenue

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

#### Interest income

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

### (b) Leases:

#### Company as a lessee

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

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

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

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

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

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

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

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

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

Effective 31 March 2021, the Company reassessed the lease term for certain lease premises (refer note 6). Considering this, the depreciation on Right of Use of Assets and interest on Lease Liabilities required revision. Also, the related leasehold improvements required to be depreciated over the shorter of the revised lease term or useful of the assets. The change in this accounting estimate has been applied prospectively in accordance with Ind AS 8, "Accounting policies, changes in accounting estimate and errors" impacting depreciation and amortisation expense and interest on lease liabilities. The financial impact due to the change in the estimate is over the lease term and useful life determined of the leasehold improvements. For the year ended 31 March 2022, interest on lease liabilities reduced by Rs. 4.2 Million and depreciation on right of use assets and leasehold improvements increased by Rs. 0.54 Million and Rs. 1.67 Million respectively. For the period thereafter, in aggregate, interest on lease liabilities will reduce by Rs. 53.04 million and depreciation on right of use assets and leasehold improvements will decrease by Rs. 37.58 million and Rs. 1.67 million respectively. Given multiple years, each future year impact has not been disclosed separately.

### (c) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

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

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

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

### (d) Borrowing costs

Borrowing costs include:

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

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

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

(e) **Employee benefits**

*Defined benefit plan*

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

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

*Defined contribution plan*

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

*Compensated absences*

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 Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

(f) **Taxation**

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

(i) **Current tax**

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

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

(ii) **Deferred tax**

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

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

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

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

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

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

(g) **Property, plant and equipment**

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite, any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets for the

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

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

**(h) Intangible assets**

**(i) Intangible assets acquired separately**

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

**Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

Asset category	Useful Life
Computer software	3 years

**(ii) Goodwill**

Goodwill arising on a business combination is initially measured at excess of purchase consideration over fair value of identified net asset taken over. Subsequent measurement is at initial recognition less any accumulated impairment losses.

**(i) Government grants**

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

**(j) Inventories**

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

**(k) Provisions**

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

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

**Onerous contracts**

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

**(l) Financial instruments**

**a. Recognition and initial measurement**

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

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

**b. Classification and subsequent measurement**

**Financial assets**

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

- amortised cost;
- FVTPL.

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

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

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

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

**Financial assets: Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

**(l) Financial instruments (continued)**

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

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

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

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

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

*Financial assets: Subsequent measurement and gains and losses*

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

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

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

**c. Derecognition**

*Financial assets*

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

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

*Financial liabilities*

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

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

**d. Offsetting**

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

**e. Derivative financial instruments**

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

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

**(m) Impairment**

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

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

**(ii) Non-financial assets**

**Tangible and Intangible assets**

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

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

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

**(o) Contingent liabilities**

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

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

**(p) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregate.

**(q) Cash and cash equivalents**

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

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

**(r) Segment reporting**

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

**(s) Exceptional items**

Exceptional items refer to items of income or expense within the standalone statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

**3 Recent pronouncements**

**3.1** Ministry of Corporate Affairs (MCA) issued notifications dated 24 March 2021 to amend Schedule III of the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1 April 2021 and applied to the financial statements:

- a. Regrouping of security deposits classified earlier under "Loans" to "Other financial assets" and current maturities of long-term borrowings earlier classified under "Other financial liabilities" to "Current borrowings".
- b. Certain additional disclosures in the Statement of Changes in Equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c. Additional disclosure for shareholding of promoters.
- d. Additional disclosure for ageing schedule of trade receivables, trade payables, capital work-in-progress.
- e. Specific disclosure such as compliance with approved schemes of arrangements, compliance with number of layers of companies, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties etc.
- f. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

Previous period figures have been re-grouped / re-classified to conform to below requirements of the amended Schedule III to the Companies Act, 2013 effective 1 April 2021:

(a) non-current security deposits of Rs. 20.12 million and current security deposits of Rs. 24.31 million as at 31 March 2021 have been regrouped from 'Loans receivable' (Note 14) to 'Other financial assets' (Note 8).

(b) current maturities of long-term borrowings amounting Rs. 38.15 million as at 31 March 2021 have been regrouped from 'Other financial liabilities' (Note 21) to 'Current borrowings'(Note 17).

**3.2** Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide Notification dated 23 March 2022. Following amendments and annual improvements to Ind AS are applicable from 1 April 2022.

**Ind AS - 103 Business Combination**

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

**Ind AS - 16 Property, Plant and Equipment**

The amendment clarifies that sale proceeds of items produced in the process of making Property, Plant and Equipment (PPE) available for its intended use cannot be deducted from the cost of PPE. Instead, such proceeds shall be recognized in the statement of profit or loss.

**Ind AS - 37 Provisions**

The amendment clarifies that that the 'costs to fulfil' a contract include both incremental costs (direct labour and material) and an allocation of other direct costs (e.g. depreciation charge for an item of PPE used in fulfilling the contract).

**Annual improvements to Ind AS 109 - Financial instruments**

The amendment clarifies while performing the '10 percent test' for derecognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf.

The Company does not expect the above amendments / improvements to have any significant impact on its financial statements.

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

4

Description of Assets	Property, plant and equipment and Capital-work-in-progress							Rs. In Millions	
	Leasehold improvements	Plant and equipment	Furniture and fixtures	Data processing equipment	Vehicles	Tangible assets Total	Capital work in progress *	(B)	Total (A+B+C)
<b>I. Gross Block</b>									
Balance as at 1 April 2020	121.03	757.70	31.50	8.70	2.25	921.18	4.93	926.11	
Additions Capitalised	-	7.82	-	-	-	7.82	1.51	9.33	
Balance as at 31 March 2021	121.03	765.52	31.50	8.70	2.25	929.00	5.69	934.69	
Additions Capitalised	-	8.95	0.19	1.28	-	10.42	15.69	26.11	
Balance as at 31 Mar 2022	121.03	774.47	31.69	9.98	2.25	939.42	11.38	950.80	
<b>II. Accumulated depreciation and impairment</b>									
Balance as at 1 April 2020	84.81	237.12	19.26	6.62	1.21	349.02	-	349.02	
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	
Depreciation expense	8.24	61.16	3.71	0.89	0.31	74.31	-	74.31	
Balance as at 31 March 2021	93.05	298.28	22.97	7.51	1.52	423.33	-	423.33	
Eliminated on disposal of assets	9.20	57.74	4.38	2.47	0.31	74.10	-	74.10	
Depreciation expense	102.25	356.02	27.35	9.98	1.83	497.43	-	497.43	
Balance as at 31 Mar 2022	27.98	467.24	8.53	1.19	0.73	505.67	5.69	511.36	
Net block as at 31 Mar 2021	18.78	418.45	4.34	-	0.42	441.99	11.38	453.37	
Net block as at 31 Mar 2022									

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

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

5

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	Rs. In Millions				
<b>Projects in progress</b>					
As at 31 March 2022	5.69	0.75	4.93	0.01	11.38
As at 31 March 2021	0.75	4.93	0.01	-	5.69
<b>Projects temporarily suspended</b>					
As at 31 March 2022	-	-	-	-	-
As at 31 March 2021	-	-	-	-	-
<b>Total Capital work-in-progress</b>					
As at 31 March 2022	5.69	0.75	4.93	0.01	11.38
As at 31 March 2021	0.75	4.93	0.01	-	5.69

There are no Capital-work-in-progress whose completion is overdue or has exceeded its cost compared to original plan.

6 Leases

(Rs.in million)			
Right-of-use-assets			
Description of Assets	Buildings	Plant and equipment	Total
<b>I. Cost</b>			
<b>Balance as at 1 April 2020</b>	<b>280.10</b>	-	<b>280.10</b>
Additions	-	17.53	17.53
Deletion- adjustment on remeasurement of lease liabilities #	(37.04)	-	(37.04)
<b>Balance as at 31 March 2021</b>	<b>243.06</b>	<b>17.53</b>	<b>260.59</b>
Additions	154.66	-	154.66
<b>Balance as at 31 March 2022</b>	<b>397.72</b>	<b>17.53</b>	<b>415.25</b>
<b>II. Accumulated depreciation and impairment</b>			
<b>Balance as at 1 April 2020</b>	<b>60.63</b>	-	<b>60.63</b>
Amortisation expense	60.63	1.45	62.08
<b>Balance as at 31 March 2021</b>	<b>121.26</b>	<b>1.45</b>	<b>122.71</b>
Amortisation expense	62.59	2.50	65.09
<b>Balance as at 31 Mar 2022</b>	<b>183.85</b>	<b>3.95</b>	<b>187.80</b>
<b>Net block as at 31 March 2021</b>	<b>121.80</b>	<b>16.08</b>	<b>137.88</b>
<b>Net block as at 31 March 2022</b>	<b>213.87</b>	<b>13.58</b>	<b>227.45</b>

\* The Company has lease arrangement for hospital building and medical equipments.

The following is the break-up of current and non-current lease liabilities as at 31 March 2022 and 31 March 2021:

(Rs.in million)		
Particular's	As at 31 March 2022	As at 31 March 2021
Current lease liabilities	66.61	61.90
Non-current liabilities	172.22	91.52
<b>Total</b>	<b>238.83</b>	<b>153.42</b>

The table below provides details regarding the contractual maturities of:

(Rs.in million)		
Particular's	As at 31 March 2022*	As at 31 March 2021
Less than one year	87.15	61.90
One to five years	195.19	79.36
More than 5 years	1.50	12.16

\*Contractual maturities are presented at undiscounted future payments.

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

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

(Rs.in million)		
Particular's	As at 31 March 2022	As at 31 March 2021
Depreciation of right-of-use assets	65.09	62.08
Interest expense on lease liabilities	14.16	23.34
Rent expenses # (refer note 29)	5.82	3.76

# During the year ended 31 March 2022, the Company incurred expenses amounting to Rs. 4.80 million (PY: Rs. 3.76 Million) towards short-term leases and Rs. 1.02 million towards variable rent (31 March 2021: NIL)

**Amounts recognised in Cash flow statement**

(Rs.in million)		
Particular's	For the year ended 31 March 2022	For the year ended 31 March 2021
Repayment of principal portion of lease liability	(63.36)	(52.05)

**Commitments for leases not yet commenced:**

The Company has committed to lease hospital building for its upcoming Phase III project at Ahmedabad. The potential future lease payments (on undiscounted basis) for this lease: Rs. 2,040 Million (as at 31 March 2021: Rs. 2,060 Million) over the period of 18 years.

In respect of lease of immovable properties where the Company is the lessee, the leases agreements are duly executed in favour of the Company, except the below

Description of property	Hospital building
Gross carrying value as at 31 March 2022 (Rs. in million)	Right of use asset: 153.14 Lease Liability: 148.79
Title deeds held in the name of	Lessor
Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	No
Property held since which date	From 19 March 2022, the existing lease agreement expired
Reason for not being held in the name of the company	The lease arrangement has been executed on 13 May 2022 in the name of the Company.



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

Rs. In Millions

7 Other intangible assets

Description of Assets	Intangible Assets	
	Computer software	Total
<b>I. Gross block</b>		
Balance as at 1 April 2020	9.99	9.99
Additions	-	-
Balance as at 31 March 2021	9.99	9.99
Additions	-	-
Balance as at 31 March 2022	9.99	9.99
<b>II. Accumulated depreciation and impairment</b>		
Balance as at 1 April 2020	3.65	3.65
Depreciation expense	3.48	3.48
Balance as at 31 March 2021	7.13	7.13
Depreciation expense	2.78	2.78
Balance as at 31 March 2022	9.91	9.91
<b>Net Block as at 31 March 2021</b>	<b>2.86</b>	<b>2.86</b>
<b>Net Block as at 31 March 2022</b>	<b>0.08</b>	<b>0.08</b>

8 Other financial assets\*

	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
Unbilled revenue (refer note 42)	-	6.95	-	4.93
Security deposits	45.58	1.28	20.12	24.31
Term deposit#	14.93	0.36	20.09	134.87
Interest accrued on term deposits	8.30	0.05	5.65	1.91
Receivable from related parties ( refer note 41)	-	0.05	-	-
	<b>68.81</b>	<b>8.69</b>	<b>45.86</b>	<b>166.02</b>

\*Other assets are subject to charge to secure bank loans.

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

9 Income tax expense

9.1 Income tax recognised in the statement of profit and loss

Current income tax:

In respect of the current year

For the Year ended 31 March 2022: 53.70  
For the Year ended 31 March 2021: 17.70

Deferred tax

In respect of the current year

(18.33) (3.44)

**Total income tax expense recognised in the statement of profit and loss**

**35.37 14.26**

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

	For the Year ended 31 March 2022	For the Year ended 31 March 2021
Profit before tax for the year	<b>158.70</b>	<b>(63.64)</b>
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	39.94	(16.02)
<b>Effect of:</b>		
Non-deductible expenses	6.15	28.58
Others	(10.72)	1.70
	<b>35.37</b>	<b>14.26</b>

9.2 Deferred tax balances

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	10.53	17.89
Deferred tax liability	(0.41)	(25.99)
	<b>10.12</b>	<b>(8.10)</b>

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2022 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(25.99)	25.58	-	(0.41)
Provision for doubtful debts	0.92	1.67	-	2.59
Defined benefit obligation	1.36	0.11	(0.11)	1.36
Lease Liability net of Lease asset	3.87	0.67	-	4.54
Deferred income	10.61	(10.61)	-	-
43B and Others	1.13	0.91	-	2.04
	<b>(8.10)</b>	<b>18.33</b>	<b>(0.11)</b>	<b>10.12</b>

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

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(30.89)	4.90	-	(25.99)
Financial assets at amortised cost	0.45	(0.45)	-	-
Provision for doubtful debts	0.63	0.29	-	0.92
Defined benefit obligation	0.92	0.24	0.20	1.36
Lease Liability net of Lease asset	1.53	2.34	-	3.87
Deferred income	12.99	(2.38)	-	10.61
43B and Others	2.63	(1.50)	-	1.13
	<b>(11.74)</b>	<b>3.44</b>	<b>0.20</b>	<b>(8.10)</b>

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

**Rs. In Millions**

**9.3 Current tax liabilities (net)**

	As at 31 March 2022	As at 31 March 2021
Provision for income tax (net of advance tax)	5.31	3.52
	<b>5.31</b>	<b>3.52</b>

**10 Other assets (Considered good)**

	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
Capital advances	19.79	-	0.01	-
Prepaid expenses	57.43	7.48	42.89	7.69
Advance to vendors	-	3.55	-	0.05
	<b>77.22</b>	<b>11.03</b>	<b>42.90</b>	<b>7.74</b>

\*Other assets are subject to charge to secure bank loans.

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

	As at 31 March 2022	As at 31 March 2021
Medicinal and non medical items*	30.85	27.81
	<b>30.85</b>	<b>27.81</b>

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

**12 Trade receivables (unsecured) (refer note 42)**

	As at 31 March 2022	As at 31 March 2021
Considered good*	57.50	24.59
Considered doubtful	10.30	3.64
	67.80	28.23
Allowance for bad and doubtful debts (expected credit loss allowance-refer note 38)	(10.30)	(3.64)
<b>Net trade receivables</b>	<b>57.49</b>	<b>24.59</b>

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

**Trade receivables ageing schedule**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Undisputed</b>		
<b>Trade receivables - billed</b>		
<b>Outstanding for following periods from due date of payment</b>		
Less than 6 months (includes amount not due)	50.43	25.28
6 months - 1 year	16.75	2.67
1-2 years	0.62	0.28
<b>Total</b>	<b>67.80</b>	<b>28.23</b>
Less: Allowance for doubtful trade receivables	(10.30)	(3.64)
	<b>57.50</b>	<b>24.59</b>
Unbilled receivables (refer note 8 and 42)	6.95	4.93
	<b>64.45</b>	<b>29.52</b>

The Company exposure to credit risk is explained in Note 38.

**13 Cash and bank balances**

	As at 31 March 2022	As at 31 March 2021
<b>(a) Cash and cash equivalents</b>		
Cash on hand	1.93	1.50
Cheques on hand	1.85	3.29
<b>Balances with Banks</b>		
In deposit accounts	412.52	1.25
In current accounts	44.12	40.27
In EEFC accounts	0.04	0.52
	<b>460.46</b>	<b>46.83</b>
<b>(b) Bank balance other than cash and cash equivalents above</b>		
Other deposit*	0.36	106.38
	<b>0.36</b>	<b>106.38</b>

\*Other deposits include margin money deposits with banks.

**14 Loans receivable (unsecured, considered good)**

	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
Advances to employees	-	-	-	0.12
	-	-	-	<b>0.12</b>

15 Equity share capital

	As at 31 March 2022	As at 31 March 2021
<b>Authorised Share capital :</b>		
10,000,000 equity shares of Rs.10 each ( as at 31 March 2021 : 10,000,000)	100.00	100.00
<b>Issued, subscribed and paid up capital comprises:</b>		
5,568,704 fully paid equity shares of Rs.10 each (as at 31 March 2021: 5,568,704 fully paid equity shares of Rs.10 each)	55.69	55.69

15.1 Fully paid equity shares

	Number of shares	Share capital (Amount)
Balance as at 01 April 2020	5,568,704	55.69
Issued during the year	-	-
Balance as at 31 March 2021	5,568,704	55.69
Issued during the year	-	-
<b>Balance as at 31 March 2022</b>	<b>5,568,704</b>	<b>55.69</b>

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

	As at 31 March 2022		As at 31 March 2021	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
<b>Fully paid equity shares</b>				
HealthCare Global Enterprises Limited	4,120,807	74.00%	4,120,807	74.00%
Aastha Oncology Private Limited	1,447,897	26.00%	1,447,897	26.00%

15.3 Shareholding of promoters and promoter group

	As at 31 March 2022		Percentage change during the year ended 31 March 2022
	Number of shares held	% holding of equity shares	
<b>Promoter</b>			
HealthCare Global Enterprises Limited	4,120,807	74.00%	0.00%
	As at 31 March 2021		Percentage change during the year ended 31 March 2021
	Number of shares held	% holding of equity shares	
<b>Promoter</b>			
HealthCare Global Enterprises Limited	4,120,807	74.00%	0.00%

15.4 Rights, preferences and restrictions attached to equity shares

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

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

16 Other equity

	As at 31 March 2022	As at 31 March 2021
Retained earnings (refer note 16.1)	208.74	85.41
Remeasurement of defined benefit plans (refer note 16.2)	(0.35)	(0.66)
Others (refer note 16.3)	66.31	52.57
	<b>274.70</b>	<b>137.32</b>

16.1 Retained earnings

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	85.41	163.31
Profit for the year	123.33	(77.90)
<b>Balance at the end of the year</b>	<b>208.74</b>	<b>85.41</b>

16.2 Remeasurements of the defined benefit plans

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	(0.66)	(0.07)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	0.31	(0.59)
<b>Balance at the end of the year</b>	<b>(0.35)</b>	<b>(0.66)</b>

16.3 Others

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	52.57	50.65
Addition during the year	13.74	1.92
<b>Balance at the end of the year</b>	<b>66.31</b>	<b>52.57</b>

17 Borrowings

	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
<b>Secured</b>				
Term loans - from banks and financial Institutions (refer note 17.1)	426.96	24.62	431.56	38.15
<b>Total</b>	<b>426.96</b>	<b>24.62</b>	<b>431.56</b>	<b>38.15</b>

17.1 Summary of borrowing arrangements

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

Detail of repayment terms, interest and maturity	As at 31 March 2022	As at 31 March 2021
<b>Term loans from banks - secured</b>		
<b>Facility -1</b>		
<b>Non-current portion*</b>	137.23	153.85
<b>Amounts included under current maturities of long-term debt #</b>	17.03	13.87
- Security: Exclusive charge on medical equipments and other fixed assets purchased out of bank finance. Exclusive charge on all the movable fixed asset and current assets (both present and future). Further, corporate guarantee is given by Healthcare Global Enterprises Limited, the holding company of the entity.		
- Rate of interest: bank's one year MCLR + 0.75% to 1% p.a.		
- Repayable in installments over a period of 4 to 10 years after 1 to 3 year moratorium from the date of borrowing.		
* Non-current portion of bank debt includes NIL (31 March 2021: Rs. .93 million) towards unamortised loan processing charges, which is netted off below.		
# Current maturities of long-term debt includes Rs. 0.99 million (31 March 2021: Rs. 1.10 million) towards interest accrued but not due on this loan.		
<b>Facility -2</b>		
<b>Non-current portion*</b>	293.64	-
<b>Amounts included under current maturities of long-term debt</b>	7.59	-
Details of security and terms of repayment for the amounts borrowed during the current year:		
- First pari-passu charge on movable fixed assets (both present and future, excluding those funded out exclusively by other lenders) and immovable fixed assets (land and building/structures there upon) and second pari-passu charge by way of hypothecation on entire current assets of the Company. Further, corporate guarantee is given by Healthcare Global Enterprises Limited, the holding company of the entity.		
- Rate of interest: Repo-rate + 2.85% p.a.		
- Repayable in installments over a period of 9.5 years from the date of borrowing.		
* Non-current portion of bank debt includes an amount of Rs. 3.91 million (31 March 2021: Nil) towards unamortised loan processing charges, which is netted off below		
<b>Facility - 3</b>		
<b>Term loans from other parties - Secured</b>		
<b>Non-current portion</b>	-	279.22
<b>Amounts included under current maturities of long-term debt</b>	-	24.28
Details of security and terms of repayment for the amounts borrowed during the current year:		
- Secured by a first pari-passu mortgage, charge and by way of hypothecation of entire immovable and movable properties of the Company; both present and future. A second paripassu charge on the entire current assets, cashflow, receivables, book debts and revenue of the Company, including Trust & Retention Account / Escrow Account, of whatsoever nature and arising both present & future. First pari-passu charge on entire intangible assets of all the Company including but not limited to, goodwill and uncalled capital, intellectual property, intangible assets, both present and future.		
- Rate of interest: IDFCs benchmark rate prevailing on the date of disbursement (8.7% p.a.) + spread rate @ 1.05 p.a.		
- Repayable in installments over a period of 12 years after 5 year moratorium from the date of borrowing.		
- This loan has been repaid in full during the current year.		
Less: Unamortised loan processing charges	(3.91)	(1.51)
<b>Total</b>	<b>451.58</b>	<b>469.71</b>
<b>Non-current portion</b>	<b>426.96</b>	<b>431.56</b>
<b>Amounts included under current maturities of long-term debt</b>	<b>24.62</b>	<b>38.15</b>

18 Provisions

<b>Employee benefits</b>
Gratuity (Refer note 36.2)
Compensated absences
<b>Total</b>

As at 31 March 2022		As at 31 March 2021	
Non current	Current	Non current	Current
3.20	2.18	3.36	2.03
-	3.63	-	0.86
<b>3.20</b>	<b>5.81</b>	<b>3.36</b>	<b>2.89</b>

19 Other liabilities

Advance from customers (refer note 42)
Balance due to statutory/government authorities
Provision for contingency for taxes *
<b>Total</b>

As at 31 March 2022		As at 31 March 2021	
Non current	Current	Non current	Current
-	6.75	-	7.30
-	10.57	-	3.73
-	158.27	-	151.18
-	<b>175.59</b>	-	<b>162.21</b>

\* The Company imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Company expected to meet the specified criteria, it is exempt from paying customs duty on imports which is recognised as a government grant. Fair value of the government grant is capitalised along with the equipment. Deferred income is amortised over the useful life of the equipment it has been procured for. EPCG income recognised during the year is Rs NIL (31 March 2021: Rs 4.55 million).

The exports are not in line with the projections and due to Covid-19, restrictions on foreign travel, there has been substantial decrease in export revenue. During the year ended 31 March 2021, the Company has estimated shortfall in meeting such export obligations and has accordingly, de-recognised the deferred government grant amounting to Rs. 42.16 million and has also made an additional provision towards estimated custom duties amounting to Rs. 109.02 million under exceptional items (refer note 30). During the year company has accrued interest on Custom Duty amounting to Rs. 11.96 million.

20 Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	0.37	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	176.86	115.13
<b>Total</b>	<b>177.23</b>	<b>115.13</b>

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

Trade payables ageing schedule

Particulars	As at 31 March 2022		
	Micro enterprises and small enterprises	Others	Total
Unbilled dues	-	69.93	69.93
Outstanding for following periods from due date of payment			
Not yet due	0.34	100.75	101.09
Less than 1 year	0.03	5.98	6.01
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	0.20	0.20
<b>Total</b>	<b>0.37</b>	<b>176.86</b>	<b>177.23</b>

There are no disputed dues as at 31 March 2022.

Particulars	As at 31 March 2021		
	Micro enterprises and small enterprises	Others	Total
Unbilled dues	-	69.51	69.51
Outstanding for following periods from due date of payment			
Not yet due	-	34.11	34.11
Less than 1 year	-	9.72	9.72
1-2 years	-	0.14	0.14
2-3 years	-	1.1	1.1
More than 3 years	-	0.55	0.55
<b>Total</b>		<b>115.13</b>	<b>115.13</b>

There are no disputed dues as at 31 March 2021.

21 Other financial liabilities

	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
Creditors for capital goods	-	0.10	-	0.06
Accrued employee benefits	-	15.26	-	8.94
Other payable to related parties	-	2.63	-	-
<b>Total</b>	-	<b>17.99</b>	-	<b>9.00</b>

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

Rs. In Millions

	Year ended 31 March 2022	Year ended 31 March 2021
<b>22 Revenue from operations (refer note 42)</b>		
Income from medical services	1,457.95	1,048.57
Sale of medical and non medical items	17.41	13.65
Other operating revenues	4.24	4.69
	<b>1,479.60</b>	<b>1,066.91</b>
<b>23 Income from Government Grants</b>		
EPCG Income	-	4.55
	-	<b>4.55</b>
<b>24 Other income</b>		
Interest income	18.32	16.02
Miscellaneous income	2.68	3.08
	<b>21.00</b>	<b>19.10</b>
<b>Interest income comprise:</b>		
Interest on bank deposits	17.90	9.19
Interest on loans and advances (refer note 41)	-	6.54
Interest on income tax refund	0.42	0.29
	<b>18.32</b>	<b>16.02</b>
<b>25 Changes in inventories</b>		
Inventories at the beginning of the year	27.81	40.69
Inventories at the end of the year	30.85	27.81
	<b>(3.04)</b>	<b>12.88</b>
<b>26 Employee benefits expense</b>		
Salaries and wages	117.89	106.41
Contribution to provident and other funds (refer note 33.1)	8.51	6.91
Expense on employee stock option scheme (refer note 41)	1.42	0.45
Staff welfare expenses	2.75	1.60
	<b>130.57</b>	<b>115.37</b>
<b>27 Finance costs</b>		
Interest costs		
Interest on bank overdrafts and loans	21.26	46.02
Interest on defined benefit obligations (Refer note 36.2)	0.29	0.31
Interest expense on lease liabilities	14.16	23.34
Interest on payment obligations (EPCG)	11.96	-
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	-	0.20
Other borrowing cost		
Commission on corporate guarantee	4.34	4.52
Bank charges	23.02	5.40
	<b>75.03</b>	<b>79.79</b>
<b>28 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (refer note 4)	74.10	74.31
Depreciation of right-of-use assets (refer note 6)	65.09	62.08
Amortisation of intangible assets (refer note 7)	2.78	3.48
	<b>141.97</b>	<b>139.87</b>
<b>29 Other expenses</b>		
Medical consultancy charges (refer note 41)	438.13	328.11
Lab charges (refer note 41)	55.33	43.31
Power and fuel	19.17	18.70
House keeping expenses	4.39	6.10
Rent (refer note 6)	5.82	3.76
Repairs and maintainance		
- Buildings	1.35	1.07
- Machinery	46.05	41.15
- Others	6.62	3.90
Insurance	1.55	1.98
Rates and taxes	13.71	14.64
Printing and stationery	2.80	2.33
Advertisement, publicity and marketing	8.47	5.54
Travelling and conveyance	0.21	0.38
Legal and professional Fees	7.28	3.73
Payment to auditors (refer note 29.1)	1.53	1.71
Telephone expenses	1.04	1.05
Provision for doubtful debts	6.66	1.40
Expenditure incurred for corporate social responsibility (refer note 31)	1.77	-
Miscellaneous expenses	3.67	3.45
	<b>625.55</b>	<b>482.31</b>

	Year ended	Year ended
	31 March 2022	31 March 2021
<b>29.1 Payments to auditors (including taxes)</b>		
<b>As an auditor</b>		
Audit fee	1.43	1.71
Reimbursement of expenses	0.10	-
	<b>1.53</b>	<b>1.71</b>
<b>30 Exceptional items</b>		
Provision for contingency for customs duty (refer note 19)	-	109.02
Loan foreclosure and refinancing expenses (refer note (i))	25.28	-
	<b>25.28</b>	<b>109.02</b>

(i) During the current year, the Company refinanced its certain borrowings from banks and financial institutions. On account of this, the Company incurred one time expenses of Rs. 25.28 million, net, towards foreclosure charges and accelerated amortization of loan processing fees related to earlier borrowings, which has been disclosed under exceptional items.

**31 Corporate social responsibility**

- (1) amount required to be spent by the company during the year: Nil (31 March 2021: Rs. 0.87 million)
- (2) amount of expenditure incurred during the year:
  - (i) Construction/acquisition of any asset: Nil
  - (ii) On purposes other than (i) above: Nil (refer note 29)
- (3) shortfall at the end of the year: Nil (31 March 2021: Rs. 0.87 million)
- (4) total of previous years shortfall: Rs. Nil (as at 31 March 2021: Rs. 0.87 million)
- (5) reason for shortfall: unspent amount of Rs. 0.87 million as at 31 March 2021 was transferred to fund required under Schedule VII of the Companies Act, 2013 within stipulated time.
- (6) nature of CSR activities: Promoting education of rural children
- (7) details of related party transactions: Contribution to International Human Development and Upliftment Academy (Trust) in relation to CSR activities Rs. 1.77 Million (for the year ended 31 March 2021: Nil)

**32 Contingent liabilities**

	As at	As at
	31 March 2022	31 March 2021
Value added tax (refer note 1)	17.35	17.35
Customs duty (refer note 2)	4.49	4.49
Income tax (refer note 3)	2.74	2.74
	<b>24.58</b>	<b>24.58</b>

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

The Company's VAT Assessment has been done for FY 2014-15 and 2015-16 wherein demand of Rs. 1.18 million and Rs. 0.48 million has been raised. The only issue in the order is that ITC is being disallowed. The Company has filed an appeal before the Joint Commissioner of Commercial Taxes which is pending. The Company has all the relevant documents to substantiate its claim for ITC. The Company believes that the VAT demand will be dropped and there is no adverse effect on the financial statement.

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

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

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

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



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

**Rs. In Millions**

**33 Commitments**

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

As at 31 March 2022	As at 31 March 2021
25.72	3.26

**34 Earnings/ (loss) per share**

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

Year ending 31 March 2021	Year ending 31 March 2020
123.33	(77.90)
5,568,704	5,568,704
10	10
22.15	(13.99)

The company does not have any potential diluted equity shares.

**35 Segment information**

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

**(i) Revenue from operations**  
**Particulars**

India  
**Total**

Year ended 31 March 2022	Year ended 31 March 2021
1,479.60	1,066.91
<b>1,479.60</b>	<b>1,066.91</b>

**(ii) Non current assets\***

**Particulars**

India  
**Total**

Year ended 31 March 2022	Year ended 31 March 2021
758.12	695.00
<b>758.12</b>	<b>695.00</b>

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

**36 Employee benefit plans**

**36.1 Defined contribution plans**

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

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
Contribution to provident fund and pension scheme, included under contribution to provident and other funds	7.59	5.96
	<b>7.59</b>	<b>5.96</b>

**36.2 Defined benefit plans**

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

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

	Year ended	Year ended
	31 March 2022	31 March 2021
Current service cost	0.92	0.95
Net interest expense	0.29	0.31
<b>Components of defined benefit costs recognised in the statement of profit and loss</b>	<b>1.50</b>	<b>1.26</b>
Service cost recognised in employee benefits expense in note 26	0.92	0.95
Net interest expense recognised in finance costs in note 27	0.29	0.31

**Remeasurement on the net defined benefit liability:**

Actuarial loss due to changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(0.03)	0.09
Actuarial (gains) / losses arising from experience adjustments	(0.39)	0.70
<b>Remeasurement on the net defined benefit liability recognised in other comprehensive income</b>	<b>(0.42)</b>	<b>0.79</b>

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

	Year ended	Year ended
	31 March 2022	31 March 2021
Present value of funded defined benefit obligation	5.38	5.39
Fair value of plan assets	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>5.38</b>	<b>5.39</b>
Non- Current	3.20	3.36
Current	2.18	2.03

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

	Year ended	Year ended
	31 March 2022	31 March 2021
Opening defined benefit obligation	5.39	3.90
Current service cost	0.92	0.95
Interest cost	0.29	0.31
<b>Remeasurement (gains)/losses:</b>		
Actuarial loss due to changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	(0.03)	0.09
Actuarial gains and losses arising from experience adjustments	(0.39)	0.70
Benefits paid	(0.80)	(0.56)
<b>Closing defined benefit obligation</b>	<b>5.38</b>	<b>5.39</b>

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% change)	(0.10)	0.10	(0.11)	0.11
Future salary increase (1% change)	0.24	(0.22)	0.25	(0.24)
Attrition rate (10% change)	(0.11)	0.12	(0.20)	0.23

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

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

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

The average duration of the benefit obligation as at 31 March 2022 is 3.23 years (net of cashflow) (as at 31 March 2021: 3.60 years).

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

Particulars	As at 31 March 2022	As at 31 March 2021
	Discount rate	5.40%
Expected rate of salary increase	5.00%	5.00%
Rate of return on plan assets	NA	NA
Employee turnover rate	45.00%	45.00%
Mortality table	IALM 2012-14	IALM 2012-14

Particulars	Year ended	Year ended
	31 March 2022	31 March 2021
Within 1 year	2.18	2.03
1-2 years	1.40	1.32
2-3 years	0.95	0.93
3-4 years	0.61	0.65
4-5 years	0.37	0.43
6-10 years	0.47	0.61
Year 10+	0.03	0.05

37 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2022 and 31 March 2021:

Particulars	Carrying value as at		Fair value as at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Financial assets</b>				
<b>Amortised cost</b>				
Loans receivables	-	0.12	-	0.12
Trade receivables	57.49	24.59	57.49	24.59
Cash and cash equivalents	460.46	46.83	460.46	46.83
Bank balance other than cash and cash equivalents above	0.36	106.38	0.36	106.38
Other financial assets (includes current and non-current)	77.50	211.88	77.50	211.88
<b>Total assets</b>	<b>595.81</b>	<b>389.80</b>	<b>595.81</b>	<b>389.80</b>
<b>Financial liabilities</b>				
<b>Amortised cost</b>				
Borrowings (includes current maturities of borrowings)	451.58	469.71	451.58	469.71
Lease liabilities	238.83	153.42	238.83	153.42
Trade payables	177.23	115.13	177.23	115.13
Other financial liabilities (includes current and non-current)	17.99	9.00	17.99	9.00
<b>Total liabilities</b>	<b>885.63</b>	<b>747.26</b>	<b>885.63</b>	<b>747.26</b>

The management assessed that carrying value of above financial assets and liabilities approximates the fair value.

Refer note 17.1 for details related to charge on financial assets.

38 Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

a) Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the Company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 12 of the financial statements.

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

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

Category	As at	As at
	31 March 2022	31 March 2021
Less than 1 year	5% to 34%	5% to 10%
1-2 years	32% to 59%	15%
2-3 years	66% to 100%	100%
More than 3 years	100%	100%

**2. Movement in the expected credit loss allowance**

	Year ended	Year ended
	31 March 2022	31 March 2021
Balance at beginning of the year	3.64	2.24
Additional provision during the year	6.66	1.40
<b>Balance at end of the year</b>	<b>10.30</b>	<b>3.64</b>

No single customer accounted for more than 10% of the revenue as of 31 March 2022 and 31 March 2021. There is no significant concentration of credit risk.

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

(iii) Liquidity risk

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

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

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2022 and 31 March 2021:

Particulars	Total	Less than 1 year	As at 31 March 2022			
			1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings *	456.47	25.61	47.32	55.89	60.15	267.50
Lease liabilities	283.84	87.15	86.55	80.61	17.02	12.51
Trade payables	177.23	177.23	-	-	-	-
Other financial liabilities	17.99	17.99	-	-	-	-
	<b>935.53</b>	<b>307.98</b>	<b>133.87</b>	<b>136.50</b>	<b>77.17</b>	<b>280.01</b>

Particulars	Total	Less than 1 year	As at 31 March 2021			
			1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	469.71	38.15	41.22	57.59	61.82	270.93
Lease liabilities	153.42	61.90	20.88	22.67	20.96	27.01
Trade payables	115.13	115.13	-	-	-	-
Other financial liabilities	9.00	9.00	-	-	-	-
	<b>747.26</b>	<b>224.18</b>	<b>62.10</b>	<b>80.26</b>	<b>82.78</b>	<b>297.94</b>

\* In respect of borrowings which are repayable with variable rate of interest, principal amount as per the repayment schedule is considered for disclosure of contractual maturities.

(iv) Market risk

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

Cash flow and fair value interest rate risk

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

a. Interest rate risk exposure

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

Particulars	As at	As at
	31 March 2022	31 March 2021
Variable rate long term borrowings including current maturities	451.58	469.71
<b>Total borrowings</b>	<b>451.58</b>	<b>469.71</b>

b. Sensitivity analysis

Particulars	Impact on profit or (loss) before tax	
	As at	As at
	31 March 2022	31 March 2021
<b>Sensitivity</b>		
1% increase in MCLR rate	(4.52)	(4.70)
1% decrease in MCLR rate	4.52	4.70

(v) Foreign currency risk

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

The following table presents unhedged foreign currency risk from financial instruments as of 31 March 2022 and 31 March 2021

Particulars	As at 31 March 2022	As at 31 March 2021
	<b>Assets</b>	
Cash and cash equivalents	0.04	0.52
<b>Liabilities</b>		
Borrowings	-	-
<b>Net assets/(liabilities)</b>	<b>0.04</b>	<b>0.52</b>

  

Particulars	Impact on profit or (loss) before tax	
	As at	As at
	31 March 2022	31 March 2021
<b>USD Sensitivity</b>		
Rs/USD - Increase by 1%	0.00	0.01
Rs/USD - Decrease by 1%	(0.00)	(0.01)

**39 Capital management**

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

The capital structure is as follows:

Particulars	As at	As at
	31 March 2022	31 March 2021
Total equity attributable to the equity share holders of the Company	330.39	193.01
As percentage of total capital	100%	31%
Total loans and borrowings	451.58	469.71
Cash and cash equivalents	(460.46)	(46.83)
Net loans and borrowings*	-	422.88
As a percentage of total capital	0%	69%
<b>Total capital (loans and borrowings and equity)</b>	<b>330.39</b>	<b>615.89</b>

\* Net loans & borrowings as at 31 March 2022 is Nil as cash and cash equivalents exceed loans and borrowings.

- 40** The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 and 31 March 2021 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier

Particulars	As at 31 March 2022	As at 31 March 2021
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	0.37	-
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

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

41 Related Party Disclosures

a Details of related parties:

Description of relationship	Names of related parties
Ultimate holding company	Aceso Company Pte. Ltd.
Holding company	HealthCare Global Enterprise Limited
Enterprises having significant influence	Aastha Oncology Private Limited
Directors having significant influence	Strand Life science Pvt Ltd (upto 30 September, 2021) International Human Development and Upliftment Academy (Trust) HCG Foundation
Common control entity	HCG Sun Hospital LLP
Key Management Personnel (KMP)	<b>Non-executive directors</b> - Dr.B.S Ajaikumar - Rajendra Bhagwandas Toprani - Vijay Govinda Devanhalli - Srinivasa V. Raghavan (from 30 July, 2020 ) - Jagdishbhai Kothari (from 21 December, 2020 ) - Dr.B S Ramesh

b Transactions with related party

Particulars	Rs. In Millions	
	Year ended 31 March 2022	Year ended 31 March 2021
<b>Purchases of medical and non-medical items</b>		
- HealthCare Global Enterprises Limited	0.13	0.51
<b>Medical consultancy charges</b>		
- Aastha Oncology Pvt Ltd	259.94	160.60
<b>Lab charges</b>		
- Strand Life science Pvt Ltd	19.14	36.99
- HealthCare Global Enterprises Limited	30.05	-
<b>Income from medical services</b>		
- HCG Foundation	0.50	0.30
<b>Reimbursement of expense on employee stock option scheme cross charged to the Company</b>		
- HealthCare Global Enterprises Limited	1.42	-
<b>Reimbursement of capital expenditure/ revenue expenditure cross charged to the</b>		
- HealthCare Global Enterprises Limited	152.21	-
<b>Payment to vendor on behalf of the company</b>		
- HealthCare Global Enterprises Limited	12.79	-
<b>Interest on loan given</b>		
- HCG Sun Hospital LLP	-	1.20
- HealthCare Global Enterprises Limited	-	5.34
<b>Loans given</b>		
- HCG Sun Hospital LLP	-	5.00
<b>Loans / Advances repaid by</b>		
- HCG Sun Hospital LLP	-	18.26
- HealthCare Global Enterprises Limited	-	118.52
<b>Corporate guarantee commission</b>		
- HealthCare Global Enterprises Limited	14.67	4.52
<b>Investments received during the year in (including corporate guarantee)</b>		
- HealthCare Global Enterprises Limited	13.74	1.92

c Closing balances with related party during the year

Particulars	As at	
	31 March 2022	31 March 2021
<b>Trade receivables</b>		
- HCG Foundation	0.03	-
- HealthCare Global Enterprises Limited	0.03	-
<b>Other financial assets</b>		
- HealthCare Global Enterprises Limited	0.05	-
<b>Other financial liabilities</b>		
- HealthCare Global Enterprises Limited	2.63	-
<b>Trade payables</b>		
- HealthCare Global Enterprises Limited	11.72	7.85
- Strand Life science Pvt Ltd	0.00	9.29
- Aastha Oncology Pvt Ltd	25.62	17.21
<b>Corporate guarantees</b>		
- HealthCare Global Enterprises Limited	455.48	470.64

42 Effects of Ind AS 115

Contract balances

i) Trade receivables: Refer note 12

Opening balance as on 1 April 2021	24.59
Closing balance as on 31 March 2022	57.49

ii) Unbilled revenue : Refer note 8

Opening balance as on 1 April 2021	4.93
Closing balance as on 31 March 2022	6.95

b) The Company does not have any contract asset as at 31 March 2022.

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

Advance from customers : Refer note 19

Opening balance as on 1 April 2021	7.30
Closing balance as on 31 March 2022	6.75

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period 3.79

43 Ratios

Ratio	Numerator	Denominator	Current year	Previous year	Variance	Explanatory notes
Current Ratio (times)	Total current assets	Total current liabilities	1.20	0.97	24%	
Debt-Equity Ratio (times)	Debt = Borrowings	Total equity	1.37	2.43	-44%	(i)
Debt Service Coverage Ratio (times)	Net profit / (loss) after taxes + depreciation and amortisation	Interest + Lease payments + Principal repayments (Principal repayments also include payment on account of foreclosures / prepayments)	0.83	1.72	-52%	(ii)
Net Profit Ratio (%)	Profit / (loss) for the year	Revenue from operations	8%	-7%	-214%	(iii)
Return on Capital employed (%)	Profit / (loss) before tax and finance costs	Capital employed = Net worth + Borrowings + Lease liabilities	16%	-8%	-299%	(iv)
Return on Equity Ratio (%)	Profit / (loss) for the year	Average total equity	12%	-34%	-135%	(iv)
Inventory turnover ratio (times)	Cost of goods sold	Average inventories	2.93	6.65	-56%	(v)
Trade Receivables turnover ratio (times)	Revenue from operations	Average trade receivables	9.01	38.16	-76%	(vi)
Trade payables turnover ratio (times)	Purchase of medical and non-medical items + Other expenses	Average trade payables	1.66	7.18	-77%	(vii)
Net capital turnover ratio (times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	8.98	64.66	-86%	(viii)
Return on Investment (%)	Income generated from fixed deposits	Average invested funds in fixed deposits	5.01%	5.45%	-8%	

Explanatory notes

- (i) Increase in total equity due to profit for the current year and reduction in debt on account of repayment of borrowings.  
(ii) Increase in net profit on account of improved profitability compared to previous year which was adversely impacted pursuant to Covid-19 pandemic.  
(iii) Revenue growth and profit in the current year as against loss during previous year.  
(iv) Refer (iii) above. Average total equity increased due to profit generated during the year along with recognition of deferred tax asset.  
(v) Increase in purchase of medical and non-medical items during the current year.  
(vi) Mainly due to increase in average trade receivables in the current year.  
(vii) Mainly due to increase in average trade payables in the current year.  
(viii) Mainly due to increase in revenue from operations and increase in average working capital during the current year compared to average working capital for the previous year.

**44 Other statutory information**

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) During the year ended 31 March 2022, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (v) During the year ended 31 March 2022, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (vi) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- (viii) The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.
- (ix) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.
- (x) The Company has not paid any managerial remuneration during the current year and hence reporting under Section 197 of the Companies Act, 2013 is not applicable.
- (xi) Company is not required to submit any quarterly returns with banks or financial institutions as it has not availed any borrowings.

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

**46** Consequent to amendments to the Schedule III effective 1 April 2021, figures of the previous year have been regrouped to confirm with the classification adopted in these financial statements.

Significant accounting policies 2

The accompanying notes are an integral part of these financial statements

As per reports of even date attached

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

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

Sd/-  
**Siddhartha Sharma**  
Partner  
Membership Number: 118756

Sd/-  
**Dr. B S Ajaikumar**  
Director  
DIN 00713779

Sd/-  
**Dr. Rajendra B. Toprani**  
Director  
DIN 01576097

Place : Bengaluru  
Date: 29 August 2022

Place : Bengaluru  
Date: 29 August 2022

Place : Ahmedabad  
Date: 29 August 2022