

INDEPENDENT AUDITORS' REPORT**To the Partners of HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)****Report on the Audit of the Financial Statements****Opinion**

We have audited the Financial Statements of HCG Oncology LLP (formerly known as Apex HCG Oncology Hospitals LLP) ("the LLP"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (collectively referred to as "the financial statements"). The financial statements have been prepared by the LLP's Designated Partners as required by rule 24(8) of the Limited Liability Partnership Rules, 2009 ("the Rules").

In our opinion and to the best of our information and according to the explanations given to us, the attached financial statements give a true and fair view of the state of affairs of the LLP as at 31 March 2023, and its loss and its cash flows for the year then ended in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

Basis for Opinion

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

Designated Partners' Responsibilities for the Financial Statements

The Designated Partners of LLP are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and cash flows of the LLP in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by Institute of Chartered Accountants of India ("ICAI") and the provisions of the Limited Liability Partnership Act, 2008 ("the Act"), to the extent applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Rules, for safeguarding of the assets of the LLP and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.

Registered Office:

Designated Partners' Responsibilities for the Financial Statements (continued)

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

The Designated Partners of the LLP are also responsible for overseeing the LLP'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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, but not for the purpose of expressing an opinion on whether the LLP has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Designated Partners.
- Conclude on the appropriateness of the Designated Partners use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the LLP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 the Designated Partners 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.

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

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

For **B S R & Co LLP**

Chartered Accountants

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

Place: Bangalore
Date: 29 August 2023

Vikash Gupta

Partner

Membership No. 064597

UDIN:23064597BGYQQQ9995

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Balance Sheet as at 31 March 2023

| | | Amount in Rs. | |
|---|----------|------------------------|------------------------|
| Particulars | Note No. | As at 31 March 2023 | As at 31 March 2022 |
| PARTNERS' FUNDS AND LIABILITIES | | | |
| Partners' funds | | | |
| Partners' capital account | 3 | 1,427,986,153 | 1,427,986,153 |
| Reserves and surplus | 4 | (1,252,866,720) | (1,147,479,243) |
| | | 175,119,433 | 280,506,910 |
| Non-current liabilities | | | |
| Other long-term liabilities | 5 | 268,820,843 | 235,537,966 |
| Long-term provisions | 6 | 1,355,305 | 941,497 |
| | | 270,176,148 | 236,479,463 |
| Current liabilities | | | |
| Trade payables | 7 | 228,194,346 | 93,781,686 |
| Other current liabilities | 8 | 34,108,066 | 13,266,888 |
| Short-term provisions | 9 | 1,538,840 | 1,699,553 |
| | | 263,841,252 | 108,748,127 |
| Total | | 709,136,833 | 625,734,500 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment and Intangible assets | | | |
| -Property, plant and equipment | 10 | 350,593,086 | 381,781,946 |
| -Capital work in progress | 10 | 5,798,697 | 442,175 |
| Long-term loans and advances | 11 | 27,532,990 | 28,748,117 |
| Other non-current assets | 12 | 98,330,043 | 81,431,634 |
| | | 482,254,816 | 492,403,872 |
| Current assets | | | |
| Inventories | 13 | 11,815,664 | 7,671,403 |
| Trade receivables | 14 | 90,525,849 | 37,213,927 |
| Cash and bank balances | 15 | 108,015,294 | 69,411,124 |
| Short-term loans and advances | 16 | 16,525,210 | 7,305,993 |
| Other current assets | 17 | - | 11,728,181 |
| | | 226,882,017 | 133,330,628 |
| Total | | 709,136,833 | 625,734,500 |

Significant accounting policies 2
The accompanying notes are an integral part of these Financial Statements

As per our reports of even date attached
for **B S R & Co. LLP**
Chartered Accountants

for and on behalf of
HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)

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

LLPIN : AAB-5593

Vikash Gupta
Partner
Membership number: 064597

Srinivasa V Raghavan
Designated Partner on behalf of
HealthCare Global Enterprises
Limited
DPIN : 01803376

Dr. Ramesh B.S.
Designated Partner on behalf of
Niruja Product Development
and Healthcare Research
Private Limited
DPIN : 00518434

Place : Bengaluru
Date : 29 August 2023

Place : Bengaluru
Date : 29 August 2023

Place : Bengaluru
Date : 29 August 2023

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Statement of Profit and Loss for the year ended 31 March 2023

| Particulars | Note No. | Amount in Rs. | |
|--|----------|-------------------------------------|-------------------------------------|
| | | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
| Income | | | |
| Revenue from operations | 18 | 625,749,658 | 557,065,833 |
| Other income | 19 | 4,258,529 | 5,474,377 |
| Total income | | 630,008,187 | 562,540,210 |
| Expenses | | | |
| Purchases of medical and non-medical items | 20 | 145,487,337 | 157,747,494 |
| Changes in inventories | 21 | (4,144,261) | (915,527) |
| Employee benefits expense | 22 | 85,910,439 | 70,664,833 |
| Finance costs | 23 | 2,221,788 | 16,850,495 |
| Depreciation and amortisation expense | 24 | 39,819,858 | 44,264,028 |
| Other expenses | 25 | 466,100,503 | 375,975,767 |
| [(includes prior period expenses reversal of Rs. Nil (previous year: Rs. 15,945,435) refer note 24(ii)] | | | |
| Total expenses | | 735,395,664 | 664,587,090 |
| Loss before exceptional items and tax | | (105,387,477) | (102,046,880) |
| Exceptional items | 26 | - | 4,378,843 |
| Loss before tax | | (105,387,477) | (106,425,723) |
| Tax expense | | - | - |
| Loss after tax | | (105,387,477) | (106,425,723) |

Significant accounting policies

2

The accompanying notes are an integral part of these Financial Statements

As per our reports of even date attached

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

Chartered Accountants

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

for and on behalf of

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)

LLPIN : AAB-5593

Vikash Gupta

Partner

Membership number: 064597

Srinivasa V Raghavan

Designated Partner on behalf of

HealthCare Global Enterprises Limited

DPIN : 01803376

Dr. Ramesh B.S.

Designated Partner on behalf

of Niruja Product

Development and Healthcare

Research Private Limited

DPIN : 00518434

Place : Bengaluru

Date : 29 August 2023

Place : Bengaluru

Date : 29 August 2023

Place : Bengaluru

Date : 29 August 2023

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Statement of Cash Flows for the year ended 31 March 2023

| | | Amount in Rs. | |
|---|----------|----------------------------------|----------------------------------|
| Particulars | Note No. | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
| Cash flows from operating activities | | | |
| Loss before tax | | (105,387,477) | (106,425,723) |
| Adjustments for: | | | |
| Finance costs | | 2,221,788 | 16,850,495 |
| Rent equalisation | | 33,282,877 | 14,974,003 |
| Interest income | | (4,258,529) | (4,064,455) |
| Exceptional Items | 26 | - | 4,378,843 |
| Net gain on foreign currency transactions and translation | | - | (781,032) |
| Provision for doubtful debts | | (3,643,674) | 29,282,543 |
| Depreciation and amortisation expense | | - | 44,264,028 |
| Operating loss before working capital changes | | (77,785,015) | (1,521,298) |
| Changes in working capital: | | | |
| Inventories | | (4,144,261) | (915,527) |
| Trade receivables | | (37,940,067) | 3,032,259 |
| Loans and advances | | (8,123,553) | 3,938,664 |
| Other assets | | (16,548,797) | (6,492,446) |
| Trade payables | | 134,412,660 | 29,842,248 |
| Other current liabilities | | 20,841,178 | (1,637,417) |
| Provision | | 253,095 | 582,103 |
| Cash generated from operations | | 10,965,240 | 26,828,586 |
| Income tax (paid) / refund (net) | | 9,913,801 | (8,212,020) |
| Net cash generated from operating activities (A) | | 20,879,041 | 18,616,566 |
| Cash flow from investing activities | | | |
| Purchase of fixed assets, including capital advances | | 17,379,402 | (1,006,083) |
| Interest received | | 1,847,528 | 4,173,900 |
| Proceeds from maturity of term deposits | | 59,557,554 | 5,736,699 |
| Investment in term deposits | | (1,290,000) | - |
| Margin money deposits | | 719,987 | (362,963) |
| Net cash generated/ (used in) investing activities (B) | | 78,214,471 | 8,541,553 |
| Cash flow from financing activities | | | |
| Proceeds from contribution of members | | - | 358,847,530 |
| Repayment of borrowings | | - | (365,059,499) |
| Loan foreclosure and refinancing expenses | | - | (4,378,843) |
| Finance cost | | (2,221,788) | (16,848,173) |
| Net cash flow from financing activities (C) | | (2,221,788) | (27,438,985) |
| Net decrease in cash and cash equivalents (A+B+C) | | 96,871,724 | (280,866) |
| Cash and cash equivalents at the beginning of the year | | 10,147,823 | 10,428,689 |
| Cash and cash equivalents at the end of the year | 15 | 107,019,547 | 10,147,823 |

For the purpose of statement of cash flows, cash and cash equivalent comprises the followings:

- (a) Cash on hand
(b) Cheques, drafts on hand
(c) Balance with banks in:
- in current accounts
- in deposit accounts

| | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------|---------------------|---------------------|
| (a) Cash on hand | 464,711 | 333,470 |
| (b) Cheques, drafts on hand | 100,000 | - |
| (c) Balance with banks in: | | |
| - in current accounts | 41,075,855 | 9,814,353 |
| - in deposit accounts | 65,378,981 | - |
| | 107,019,547 | 10,147,823 |

Significant accounting policies

The accompanying notes are an integral part of these Financial Statements
As per our reports of even date attached

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

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

Vikash Gupta
Partner
Membership number: 064597

Place : Bengaluru
Date : 29 August 2023

2

for and on behalf of
HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
LLPIN : AAB-5593

Srinivasa V Raghavan
Designated Partner on behalf of HealthCare Global Enterprises Limited
DPIN : 01803376

Dr. Ramesh B.S.
Designated Partner on behalf of Niruja Product Development and Healthcare Research Private Limited
DPIN : 00518434

Place : Bengaluru
Date : 29 August 2023

Place : Bengaluru
Date : 29 August 2023

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

1 Corporate information

The HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP) ("the Firm" or "LLP") is a Limited Liability Partnership registered under Limited Liability Partnership Act, 2008 and incorporated on 31 May 2013. HealthCare Global Enterprises Limited (HCG) and Niruja Product Development and Healthcare Research Private Limited (Niruja) are partners in the Firm and profit sharing ratio is 99.996 : 0.004 between HCG and Niruja respectively as at 31 March 2023.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of Financial Statements and going concern basis

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

2.2 Going concern basis

The Firm has incurred losses in the current year and in the previous year and have negative operating cash flows in the previous years. However, the management expects profits and positive operating cash flows in future periods. Considering this and the support letter received from the Holding Company (HealthCare Global Enterprise Limited), the Management has prepared the Financial Statements on a going concern basis.

2.3 Use of estimates

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

2.4 Current and non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other assets are classified as non-current.

Operating cycle

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

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023 (continued)

2.5 Inventories

Inventories are measured at the lower of cost and net realisable value. 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 weighted average method.

2.6 Cash and cash equivalents

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

2.7 Cash flow statement

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

2.8 Revenue recognition

Medical services

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

Sale of medical and non-medical items

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

Other operating income

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

2.9 Other income

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

2.10 Property, plant and equipment

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 expenses 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 expenses directly attributable to the acquisition of the asset.

The Firm 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 as follows:

| Asset category | Useful life as per the management |
|----------------------------|-----------------------------------|
| Plant and equipment | 10, 13 and 15 years |
| Office Equipments | 05 years |
| Furniture and Fixtures | 10 years |
| Data Processing Equipments | 3-6 years |
| Electrical Installation | 10 years |

Useful lives are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of certain items of plant and equipment were revised in the year ended 31 March 2023. Refer note 10.

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023 (continued)

The cost and related accumulated depreciation are eliminated from the balance sheet 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 tangible assets outstanding as of each reporting date are recognized as capital advance and the cost of tangible assets not ready for intended use before such date are disclosed under capital work- in-progress.

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

Intangible assets

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

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

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

2.11 Foreign currency transactions

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

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

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

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

2.12 Employee benefits

Defined contribution plan

Contributions to the recognized provident fund which are defined contribution schemes, are charged to the statement of profit and loss.

Defined benefit plans

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

Compensated absences

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

2.13 Borrowing costs

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

2.14 Taxes on income

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

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

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

2.15 Provisions and contingencies

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

Onerous contracts

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

2.16 Government grants

Government grants available to the Firm are recognised

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

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

2.17 Leases

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

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

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

2.18 Impairment

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

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

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

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

Amount in Rs.

3 Partners' Capital Account

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Capital account | | |
| Fixed capital contribution | | |
| HealthCare Global Enterprises Limited: | | |
| Share of profit/(loss) (%) | 99.996% | 99.996% |
| Balance at the beginning of the year | 1,427,924,278 | 6,188,125 |
| Add: Conversion of variable capital to fixed capital * | - | 1,421,736,153 |
| Balance at the end of the year | 1,427,924,278 | 1,427,924,278 |
| Niruja Product Development and Healthcare Research Private Limited: | | |
| Share of profit/(loss) (%) | 0.004% | 0.004% |
| Balance at the end of the year | 61,875 | 61,875 |
| | 1,427,986,153 | 1,427,986,153 |
| Variable capital contribution | | |
| HealthCare Global Enterprises Limited | | |
| Balance at the beginning of the year | - | 1,062,888,623 |
| Add: Additional contribution (refer note 32) | - | 358,847,530 |
| Less: Conversion to fixed capital during the year * | - | (1,421,736,153) |
| Balance at the end of the year | - | - |
| Total | 1,427,986,153 | 1,427,986,153 |

* During the previous year, based on the arrangement / agreement with Partner and the approval of the Board of Directors of HealthCare Global Enterprises Limited in their Board Meeting dated 11 November 2021, variable capital was converted into fixed capital.

4 Reserves and surplus

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Undistributed deficit (balance in statement of profit and loss) | | |
| At the commencement of the year | (1,147,479,243) | (1,041,053,520) |
| Add: Loss for the year | (105,387,477) | (106,425,723) |
| Loss available for appropriation | (1,252,866,720) | (1,147,479,243) |
| Share of loss appropriated to Healthcare Global Enterprise Limited | (1,252,812,433) | (1,140,457,405) |
| Share of loss appropriated to Niruja Product Development and Healthcare Research Private Limited | (54,287) | (7,021,838) |
| At the end of the year | (1,252,866,720) | (1,147,479,243) |

5 Other non-current liabilities

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------|------------------------|------------------------|
| Rent equalisation reserve | 268,820,843 | 235,537,966 |
| [refer note 25(ii)] | 268,820,843 | 235,537,966 |

6 Long term provision

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------|------------------------|------------------------|
| Gratuity (refer note 30) | 1,355,305 | 941,497 |
| | 1,355,305 | 941,497 |

7 Trade payables*

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Total outstanding dues of micro and small enterprises (refer note 27) | 1,431,413 | 397,967 |
| Total outstanding dues of creditors other than micro and small enterprises | 226,762,933 | 93,383,719 |
| | 228,194,346 | 93,781,686 |

* For details relating to payable to related parties, please refer note 32.

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

Amount in Rs.

8 Other current liabilities

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|-------------------------------------|------------------------|------------------------|
| Advance from customers | 20,367,274 | 6,239,528 |
| TDS payable | 3,053,928 | 2,481,910 |
| Employee related statutory payables | 1,417,152 | 581,183 |
| Accrued salaries and benefits | 9,269,712 | 3,964,267 |
| | 34,108,066 | 13,266,888 |

9 Short term provisions

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------|------------------------|------------------------|
| Gratuity (refer note 30) | 252,126 | 224,805 |
| Compensated absence | 1,286,714 | 1,474,748 |
| | 1,538,840 | 1,699,553 |

11 Long-term loans and advances

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Capital advances | 8,990,255 | 537,319 |
| Prepaid expenses | 525,000 | 1,620,664 |
| Tax deducted at source, net of provision for tax | 18,017,735 | 26,590,134 |
| | 27,532,990 | 28,748,117 |

12 Other non-current assets

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|------------------------------|------------------------|------------------------|
| Interest accrued on deposits | 1,188,615 | 119,016 |
| Security deposits | 93,056,275 | 76,507,478 |
| Bank balance in margin money | 4,085,153 | 4,805,140 |
| | 98,330,043 | 81,431,634 |

13 Inventories (at lower of cost and net realisable value)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---------------------------------|------------------------|------------------------|
| Medical and non-medical items** | 11,815,664 | 7,671,403 |
| | 11,815,664 | 7,671,403 |

**There are nil provision towards written down to net realisable value.

14 Trade receivables

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment: | | |
| - Unsecured, considered good | 20,114,596 | 944,864 |
| - Doubtful | 27,363,629 | 33,035,022 |
| | 47,478,225 | 33,979,886 |
| Less: Provision for doubtful trade receivables | (27,363,629) | (33,035,022) |
| | 20,114,596 | 944,864 |
| Other trade receivables: | | |
| - Unsecured, Considered good | 54,492,222 | 36,269,063 |
| - Considered doubtful | 6,066,202 | 4,976,685 |
| | 60,558,424 | 41,245,748 |
| Less: Provision for doubtful trade receivables | (6,066,202) | (4,976,685) |
| | 54,492,222 | 36,269,063 |
| Unbilled receivables: | | |
| - Unsecured, Considered good | 15,919,031 | - |
| - Considered doubtful | 938,202 | - |
| | 16,857,233 | - |
| Less: Provision for doubtful trade receivables | (938,202) | - |
| | 15,919,031 | - |
| | 90,525,849 | 37,213,927 |

**Refer note 32 for trade receivables from related parties.

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

Amount in Rs.

15 Cash and bank balances

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|--------------------------------|--------------------------------|
| a) Cash and cash equivalents | | |
| Cash on hand | 464,711 | 333,470 |
| Cheques on hand | 100,000 | - |
| Balances with banks: | | |
| - in current accounts | 41,075,855 | 9,814,353 |
| - in deposit accounts with original maturity less than 3 months | 65,378,981 | - |
| | 107,019,547 | 10,147,823 |
| b) Other bank balances | | |
| - Deposits with banks with balance maturity of less than 12 months | 995,747 | 59,263,301 |
| | 995,747 | 59,263,301 |
| | 108,015,294 | 69,411,124 |

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

| | | |
|---|--------------------|-------------------|
| (a) Cash on hand | 464,711 | 333,470 |
| (b) Cheques, drafts on hand | 100,000 | - |
| (c) Balances with banks: | | |
| - in current accounts | 41,075,855 | 9,814,353 |
| - in deposit accounts with original maturity less than 3 months | 65,378,981 | - |
| Cash and cash equivalents as per statement of cash flows | 107,019,547 | 10,147,823 |

16 Short-term loans and advance

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------------|--------------------------------|--------------------------------|
| <i>Unsecured, considered good</i> | | |
| - Loans and advances to employees | 828,745 | 761,960 |
| - Prepaid expenses | 1,190,467 | - |
| Advance to vendors | 6,861,246 | 5,834,167 |
| Receivable from related parties** | 3,698,389 | - |
| Balance with revenue authorities | 3,946,363 | 709,866 |
| | 16,525,210 | 7,305,993 |

** For details relating to receivable from related parties, please refer note 32.

17 Other current assets

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--------------------|--------------------------------|--------------------------------|
| Unbilled revenue | - | 11,728,181 |
| | - | 11,728,181 |

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

10 Property, plant and equipment and Capital-work-in-progress

Amount in Rs.

| Description of assets | Leasehold improvements | Plant and equipment* | Office equipment | Furniture and Fixtures | Data processing equipment | Electrical installation | Total (A) | Capital work in progress (B) | Total (A+B) |
|-------------------------------------|------------------------|----------------------|------------------|------------------------|---------------------------|-------------------------|-------------|------------------------------|-------------|
| I. Cost | | | | | | | | | |
| Balance as at 1 April 2021 | 51,515,766 | 505,138,817 | 7,055,083 | 18,996,509 | 5,617,696 | 343,536 | 588,667,407 | 442,175 | 589,109,582 |
| Additions | - | 95,227 | 50,504 | 125,700 | 197,333 | - | 468,764 | - | 468,764 |
| Balance as at 31 March 2022 | 51,515,766 | 505,234,044 | 7,105,587 | 19,122,209 | 5,815,029 | 343,536 | 589,136,171 | 442,175 | 589,578,346 |
| Additions | - | 6,922,777 | 91,800 | 131,098 | 1,441,883 | 43,440 | 8,630,998 | 5,356,522 | 13,987,520 |
| Balance as at 31 March 2023 | 51,515,766 | 512,156,821 | 7,197,387 | 19,253,307 | 7,256,912 | 386,976 | 597,767,169 | 5,798,697 | 603,565,866 |
| II. Accumulated depreciation | | | | | | | | | |
| Balance as at 1 April 2021 | 9,761,014 | 139,415,557 | 4,603,404 | 6,733,303 | 4,424,281 | 104,318 | 165,041,877 | - | 165,041,877 |
| Depreciation expense | 2,888,317 | 35,479,390 | 1,216,786 | 2,083,120 | 610,381 | 34,354 | 42,312,348 | - | 42,312,348 |
| Balance as at 31 March 2022 | 12,649,331 | 174,894,947 | 5,820,190 | 8,816,423 | 5,034,662 | 138,672 | 207,354,225 | - | 207,354,225 |
| Depreciation expense | 2,888,317 | 33,646,659 | 714,689 | 1,890,551 | 602,666 | 76,976 | 39,819,858 | - | 39,819,858 |
| Balance as at 31 March 2023 | 15,537,648 | 208,541,606 | 6,534,879 | 10,706,974 | 5,637,328 | 215,648 | 247,174,083 | - | 247,174,083 |
| Net block as at 31 March 2022 | 38,866,435 | 330,339,097 | 1,285,397 | 10,305,786 | 780,367 | 204,864 | 381,781,946 | 442,175 | 382,224,121 |
| Net block as at 31 March 2023 | 35,978,118 | 303,615,215 | 662,508 | 8,546,333 | 1,619,584 | 171,328 | 350,593,086 | 5,798,697 | 356,391,783 |

* During the year ended 31 March 2023, the Firm revised the estimated useful life for certain category of its Plant and equipment with effect from 1 April 2022 based on its technical evaluation. The effect of these changes on actual and expected depreciation expense is as follows:

| Particulars | YE 31 March 2023 | YE 31 March 2024 | YE 31 March 2025 | YE 31 March 2026 | YE 31 March 2027 | YE 31 March 2028 and later |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|
| (Decrease) / increase in depreciation expense | (3,683,394) | (3,683,394) | (3,683,394) | (3,683,394) | (3,683,394) | 18,416,972 |

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

Amount in Rs.

18 Revenue from operations

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Medical service income | 461,151,303 | 548,497,114 |
| Sale of medical and non-medical items | 162,336,242 | 6,750,621 |
| Other operating income | 2,262,113 | 1,818,098 |
| Total | 625,749,658 | 557,065,833 |

19 Other income

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-------------------------------------|-------------------------------------|
| Interest income from bank deposit | 2,917,127 | 4,064,455 |
| Interest on income tax refund | 1,341,402 | 628,890 |
| Net gain on foreign currency transactions and translation | - | 781,032 |
| | 4,258,529 | 5,474,377 |

20 Purchase of medical and non medical items

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Medical and non-medical items * | 14,736,305 | 49,308,269 |
| Consumables | 130,751,032 | 108,439,225 |
| | 145,487,337 | 157,747,494 |

* includes purchases from related parties (refer note 32)

21 Changes in inventories

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Inventories at the beginning of the year | 7,671,403 | 6,755,876 |
| Inventories at the end of the year | 11,815,664 | 7,671,403 |
| Net (increase) / decrease | (4,144,261) | (915,527) |

22 Employee benefits expense

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages | 78,323,131 | 67,038,328 |
| Contributions to provident and other funds (refer note 30) | 3,229,320 | 2,810,700 |
| Gratuity Expenses (refer note 30) | 551,158 | 470,234 |
| Staff welfare expenses | 3,806,830 | 345,571 |
| | 85,910,439 | 70,664,833 |

23 Finance costs

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Interest expense on borrowings | - | 14,508,215 |
| Bank charges | 2,169,792 | 1,816,276 |
| Loan processing charges | - | 523,682 |
| Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs | 51,996 | 2,322 |
| | 2,221,788 | 16,850,495 |

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)
Notes to the Financial Statements for the year ended 31 March 2023

Amount in Rs.

24 Depreciation and amortisation expense

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment | 39,819,858 | 44,264,028 |
| | 39,819,858 | 44,264,028 |

25 Other expenses *

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Medical consultancy charges | 111,057,333 | 84,051,066 |
| Legal and professional charges | 25,328,523 | 14,589,160 |
| Lab charges | 29,678,954 | 19,390,915 |
| Power, fuel and water | 18,623,060 | 15,152,601 |
| Rent (refer note (ii) below) | 169,822,233 | 149,791,735 |
| Repairs and maintenance: | | |
| - Building | - | - |
| - Machinery | 17,329,359 | 11,437,424 |
| - Others | 14,838,498 | 9,437,391 |
| Rates and taxes | 9,163,773 | 6,272,940 |
| Communication | 1,219,840 | 1,079,174 |
| Travelling and conveyance | 7,267,876 | 1,653,534 |
| Printing and stationery | 99,117 | 34,328 |
| House keeping and security expenses | 28,176,167 | 25,993,083 |
| Business promotion expenses | 27,953,185 | 4,547,398 |
| Provision for doubtful debts | -3,643,674 | 29,282,543 |
| Payments to auditors | | |
| - As statutory auditors (refer note (i) below) | 942,715 | 942,715 |
| Miscellaneous expenses | 8,243,544 | 2,319,760 |
| | 466,100,503 | 375,975,767 |

* Refer note 32 for related party transactions

(i) Payment to auditors (excluding applicable taxes)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--------------------------|-------------------------------------|-------------------------------------|
| - Statutory audit fees | 800,000 | 800,000 |
| - Out of pocket expenses | 142,715 | 142,715 |
| | 942,715 | 942,715 |

(ii) Prior period item:

During the year ended 31 March 2021, the Firm had inadvertently charged higher rent expenses that resulted in higher rent equalisation reserve amounting to Rs. 15,945,435. This was corrected during the previous year ended 31 March 2022.

26 Exceptional items

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-------------------------------------|-------------------------------------|
| Loan processing charges (refer note (i) below) | - | 4,378,843 |
| | - | 4,378,843 |

(i) During the previous year, the Management repaid its borrowings from banks. On account of this, it incurred one time expenses of Rs. 4,378,843 towards accelerated amortization of loan processing fees related to earlier borrowings.

27 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 and 31 March 2022 has been made in the Financial Statements based on information received and available with the firm. 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 firm has not received any claim for interest from any supplier.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year | 1,431,413 | 397,967 |
| Principal | 1,431,413 | 397,967 |
| 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 | - | - |

28 Contingent liabilities and commitments

Capital commitments

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 3,411,985 | 7,089,877 |

Contingent liabilities

The Firm has availed benefit of custom duties on import of capital goods through Export Promotion and Capital Goods (EPCG) licenses against export obligations to be fulfilled within stipulated time period as per Foreign Trade Policy. During the current year, the Directorate General of Foreign Trade (DGFT) issued a notice on 20 January 2023 providing certain relaxations. In addition to the above, the Firm has received extension of the time period by 2 years to meet its export obligations for certain licenses. Should the Firm not be able to fulfill its export obligations within the stipulated time period, it will be liable to pay the duty benefit availed, up to an amount of Rs. 39,576,934 (estimated as of 31 March 2022: Rs. 39,576,934) along with other levies, if applicable, which may be levied on evaluation of facts and circumstances by the respective authorities.

The Hon'ble Supreme Court has, in a decision dated 28 February 2019, ruled that special allowance would form part of wages for computing the Provident Fund (PF) contribution. The Firm keeps a close watch on further clarifications and directions from the respective department based on which suitable action would be initiated. Also, the firm believes that impact is not material to the financial statement.

Other litigations

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

29 Deferred taxation

The Firm has a deferred tax asset (net) position as at 31 March 2023 and 31 March 2022. Recognition of deferred tax asset is restricted to the extent of deferred tax liability only. No deferred tax asset (net) is recognized on losses and unabsorbed depreciation as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised by the Firm.

30 Employee benefit plans

Defined contribution plans

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

The firm has recognized the following amounts in the statement of profit and loss towards its contributions to Provident Fund.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|--------------------------------|--------------------------------|
| Contribution to provident fund included under contribution to provident and other funds | 3,229,320 | 2,810,700 |

Defined benefit plans

The Firm offers the Gratuity benefits (included as part of 'Contributions to provident and other funds' in Note 22 Employee benefits expense) to its employees. The following table sets out the status of the Gratuity and the amount recognised in the Financial Statements:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|---|--|
| Components of employer expense | | |
| Current service cost | 466,476 | 442,507 |
| Interest cost | 95,876 | 84,529 |
| Actuarial loss/ (gains) | (11,194) | (56,802) |
| Total expense/(credit) recognised in the statement of profit and loss | 551,158 | 470,234 |
| Net asset/(liability) recognised in balance sheet | | |
| Present value of defined benefit obligation (DBO) | 1,607,431 | 1,166,302 |
| Net asset/(liability) recognised in balance sheet | 1,607,431 | 1,166,302 |
| Current (refer note 9) | 252,126 | 224,805 |
| Non-current (refer note 6) | 1,355,305 | 941,497 |
| Total asset / (liability) recognised in the balance sheet | 1,607,431 | 1,166,302 |
| Change in defined benefit obligations | | |
| Present value of DBO at beginning of period | 1,166,302 | 993,220 |
| Current service cost | 466,476 | 442,507 |
| Interest cost | 95,876 | 84,529 |
| Actuarial loss/ (gains) | (11,194) | (56,802) |
| Benefits paid | (110,029) | (297,152) |
| Present Value of DBO at the end of year | 1,607,431 | 1,166,302 |
| Actuarial assumption | | |
| Discount rate | 7.30% | 5.90% |
| Expected return on plan assets | NA | NA |
| Salary escalation | 5.00% | 5.00% |
| Attrition rate | 30.00% | 36.30% |
| Mortality | Indian Assured Lives (2012-14) Mod Ult | Indian Assured Lives (2012-14) Mod Ult |

Actuarial valuation experience adjustment

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|--------------------------------|--------------------------------|
| Defined benefit obligation | (1,607,431) | (1,166,302) |
| Plan assets | - | - |
| (Deficit) | (1,607,431) | (1,166,302) |
| Experience adjustment on plan liabilities | - | - |
| Experience adjustment on plan assets | - | - |

Note:

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

Compensated absence: Expenses recognised in the statement of profit and loss in respect of compensated absences amounts to Rs 510,051 (previous year: Rs. 682,657). This employee benefit is not funded. Actuarial assumptions considered for valuation of compensated absence and gratuity are the same.

31 Segment information

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

32 Related party transactions

a. Details of related parties:

| Description of relationship | Names of related parties |
|--|---|
| Ultimate holding company | CVC Capital Partners Asia V L.P. |
| Intermediate holding companies | Aceso Company Pte Ltd |
| | Aceso Investment Holding Pte. Ltd. |
| Holding company / Partner | HealthCare Global Enterprises Limited |
| Designated Partner | Niruja Product Development and Healthcare Research Private Limited Srinivasa V Raghavan (On behalf of HealthCare Global Enterprises Limited) Dr. Ramesh B.S. (On behalf of Niruja Product Development and Healthcare Research Private |
| Entity over which Partner can exercise significant influence | HCG NCHRI Oncology LLP HCG Manavata Oncology LLP Strand Life Sciences Private Limited (up to 3 September 2021) |

b. Details of related party transactions during the year:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Contribution/(withdrawal) to Partner's capital account | | |
| HealthCare Global Enterprises Limited | - | 358,847,530 |
| Reimbursement of capital expenditure/ revenue expenditure incurred on behalf of the Firm by | | |
| HealthCare Global Enterprises Limited | 12,253,648 | 52,350,000 |
| Reimbursement of capital expenditure/ revenue expenditure cross charged by the Firm | | |
| HCG NCHRI Oncology LLP | 3,698,389 | - |
| Reimbursement of expense on employee stock option scheme cross charged by | | |
| HealthCare Global Enterprises Limited | 2,504,258 | - |
| Payment to vendor on behalf of the Firm by | | |
| HealthCare Global Enterprises Limited | 46,021,081 | 16,655,125 |
| Purchases of medical and non-medical items | | |
| HealthCare Global Enterprises Limited | - | 35,846,644 |
| Lab charges | | |
| HealthCare Global Enterprises Limited | 27,146,378 | 8,643,447 |
| Strand Life Sciences Private Limited | - | 5,045,772 |

c.Details of related party balances outstanding:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Partner's capital account | | |
| HealthCare Global Enterprises Limited | 1,427,924,278 | 1,427,924,278 |
| Niruja Product Development and Healthcare Research Private Limited | 61,875 | 61,875 |
| Other receivables | | |
| HCG NCHRI Oncology LLP | 3,698,389 | - |
| Trade payables | | |
| HealthCare Global Enterprises Limited | 104,081,217 | 35,709,855 |
| HCG EKO LLP | - | - |
| Share of losses appropriated to | | |
| HealthCare Global Enterprises Limited | (1,252,812,433) | (1,140,457,405) |
| Niruja Product Development and Healthcare Research Private Limited: | (54,287) | (7,021,838) |

33 Details of leasing arrangements

The Firm has entered into operating lease arrangements for hospital building. The lease is non-cancellable for a period of 20 years. The lease agreements provide for an increase in the lease payments by 15% over the periods specified. During the year ended 31 March 2023, the lease terms have been revised, the effect of which has been given in these financial statements accordingly.

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|--------------------------------|--------------------------------|
| Future minimum lease payments: | | |
| Up to One year | 113,082,041 | 111,685,967 |
| More than one year and up to five years | 555,738,900 | 500,004,113 |
| More than five years | 1,979,285,156 | 1,751,045,267 |

The Firm's significant cancellable leasing arrangements are mainly in respect of its equipments. The aggregate lease rentals payable on the non-cancellable and cancellable arrangements charged to the statement of profit and loss amounting to Rs. 169,822,233 (previous year: Rs.149,791,735). Also, refer note 25(ii).

As per our reports of even date attached

for B S R & Co. LLP

Chartered Accountants

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

for and on behalf of

HCG Oncology Hospitals LLP (formerly known as Apex HCG Oncology Hospitals LLP)

LLPIN : AAB-5593

Vikash Gupta

Partner

Membership number: 064597

Srinivasa V Raghavan

Designated Partner on behalf of
HealthCare Global Enterprises
Limited

DPIN : 01803376

Dr. Ramesh B.S.

Designated Partner on behalf of Niruja
Product Development and Healthcare
Research Private Limited

DPIN : 00518434

Place : Bengaluru

Date : 29 August 2023

Place : Bengaluru

Date : 29 August 2023

Place : Bengaluru

Date : 29 August 2023