

INDEPENDENT AUDITORS' REPORT

To the Partners of Apex HCG Oncology Hospitals LLP

Opinion

We have audited the accompanying Statement of Accounts of Apex HCG Oncology Hospitals ("the LLP"), which comprise the Statement of Assets and Liabilities as at 31 March 2019, the Statement of Income and Expenditure, Cash Flow Statement for the year then ended, and notes to the Statement of Accounts, including a summary of the significant accounting policies (collectively referred to as "the Statement of Accounts").

In our opinion, the accompanying Statement of Accounts give a true and fair view of the financial position of the LLP as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards issued by Institute of Chartered Accountants of India ("ICAI").

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Statement of Accounts* 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the Statement of Accounts

The LLP's Management (designated partners) is responsible for the preparation of the Statement of Accounts in accordance with the Rule 24 of the Limited Liability Partnership Rules, 2009 ("the Rules"), and for such internal control as management determines is necessary to enable the preparation of the Statement of Accounts that are free from material misstatement, whether due to fraud or error.

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

Management is also responsible for overseeing the LLP's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement of Accounts

Our objectives are to obtain reasonable assurance about whether the Statement of Accounts 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

**Apex HCG Oncology Hospitals LLP
Independent Auditors' Report (continued)**

reasonably be expected to influence the economic decisions of users taken on the basis of these Statement of Accounts.

Auditor's Responsibilities for the Audit of the Statement of Accounts (continued)

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 Statement of Accounts, 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 the effectiveness of the LLP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the LLP's Management.
- Conclude on the appropriateness of the LLP's Management 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 Statement of Accounts 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.

We communicate with the LLP's Management 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.

For B S R & Co. LLP

Chartered Accountants

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

Amit Somani

Partner

Membership No. 060154

UDIN No: 19060154AAAAAV5033

Place: Bangalore

Date: 8 August 2019

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

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

	Note No.	As at 31 March 2019	As at 31 March 2018
Contribution and liabilities			
Partners' funds			
Contribution	3	740,473,313	340,629,830
Reserves and surplus	4	(616,937,579)	(135,569,984)
		123,535,734	205,059,846
Non-current liabilities			
Long-term borrowings	5	270,807,908	277,888,810
Other non-current liabilities	6	114,858,142	7,448,968
Long-term provisions	7	1,053,416	638,466
		386,719,466	285,976,244
Current liabilities			
Trade payables	8	52,849,946	47,567,247
Other current liabilities	9	136,242,236	140,877,976
Short-term provisions	10	1,460,215	1,015,847
		190,552,397	189,461,070
Total		700,807,597	680,497,160
Assets			
Non-current assets			
Fixed assets			
-Property, plant and equipment	11	506,804,082	535,109,941
-Other intangible assets	12	7,132,504	-
-Capital work in progress	11	248,413	713,193
Long-term loans and advances	13	85,954,111	95,777,358
Other non-current assets	14	14,835,600	13,879,280
		614,974,710	645,479,772
Current assets			
Inventories	15	6,510,221	7,909,154
Trade receivables	16	43,494,190	7,232,859
Cash and bank balances	17	7,260,177	9,162,898
Short-term loans and advance	18	12,571,815	4,079,658
Other current assets	19	15,996,484	6,632,819
		85,832,887	35,017,388
Total		700,807,597	680,497,160

Significant accounting policies 2
The accompanying notes are an integral part of these statement of accounts

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
Apex HCG Oncology Hospitals LLP

Amit Somani
Partner
Membership number: 060154

Dinesh Madhavan
Designated Partner
DIN: 7497791

Dr. Ramesh B.S.
Designated Partner
DIN: 00518434

Place : Bengaluru
Date : 08 August 2019

Place : Bengaluru
Date : 08 August 2019

Place : Bengaluru
Date : 08 August 2019

Apex HCG Oncology Hospitals LLP
Statement of income and expenditure
(All amounts in Indian rupees, except share data and unless otherwise specified)

	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	20	270,229,185	90,676,773
Other income	21	959,764	961,284
Total income		271,188,949	91,638,057
Expenditure			
Purchases of medical and non-medical items	22	44,707,796	24,431,979
Changes in inventories of medical and non-medical items	23	1,398,933	(7,909,154)
Employee benefits expense	24	70,276,715	37,836,888
Depreciation and amortisation expense	11 & 12	46,474,953	24,625,882
Finance costs	25	35,394,744	9,940,627
Other expenses	26	364,026,426	138,817,223
Total expenditure		562,279,567	227,743,445
Loss before tax		(291,090,618)	(136,105,388)
Tax expense		-	-
Loss after tax		(291,090,618)	(136,105,388)

Significant accounting policies

2

The accompanying notes are an integral part of these statement of accounts

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

Apex HCG Oncology Hospitals LLP

Amit Somani

Partner

Membership number: 060154

Dinesh Madhavan

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Apex HCG Oncology Hospitals LLP
Cashflow Statement for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flows from operating activities:			
Loss before tax		(291,090,618)	(136,105,388)
Adjustments for:			
Finance costs		34,130,739	9,940,627
Rent equalisation		107,409,174	-
Loss on disposal of property, plant and equipment		850,391	-
Interest income		(956,320)	(953,373)
Depreciation and amortisation expense		46,474,953	24,625,882
Operating loss before working capital changes		(103,181,681)	(102,492,252)
Changes in working capital:			
Inventories		1,398,933	(7,909,154)
Trade receivables		(36,261,331)	(7,232,859)
Loans and advances		(8,106,463)	1,790,172
Other current assets		(9,363,665)	(6,632,819)
Trade payables		5,282,705	38,954,353
Other current liabilities		17,336,179	26,804,780
Provision		859,318	1,654,313
Cash used in operations		(132,036,005)	(55,063,466)
Income taxes, net		(4,152,387)	(407,146)
Net cash used in operating activities (A)		(136,188,392)	(55,470,612)
B. Cash flow from investing activities			
Purchase of fixed assets, including capital advances		(12,135,950)	(233,608,127)
Proceeds from sale of fixed assets		38,676	-
Interest received		-	929,902
Margin money deposits		-	(2,289,265)
Net cash used in investing activities (B)		(12,097,274)	(234,967,490)
C. Cash flow from financing activities			
Proceeds from contribution of members		462,082,505	207,687,407
Repayment of contribution upon retirement of partner		(252,516,000)	-
Proceeds from borrowings		110,000,000	86,553,250
Repayment of borrowings		(152,651,455)	-
Finance cost		(20,532,105)	(9,940,627)
Net cash flow from financing activities (C)		146,382,945	284,300,030
Net decrease in cash and cash equivalents (A+B+C)		(1,902,721)	(6,138,072)
Cash and cash equivalents at the beginning of the year		9,162,898	15,300,970
Cash and cash equivalents at the end of the year	17	7,260,177	9,162,898

Significant accounting policies
The accompanying notes are an integral part of these statement of accounts

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
Apex HCG Oncology Hospitals LLP

Amit Somani
Partner
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1 Corporate information

The 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 Apex Criticare LLP (Apex) were partners in LLP having capital and profit sharing ratio of 50.01 : 49.99 till 31 July 2018. During the year ended 31 March 2019, Apex Criticare LLP retired from the Firm and HealthCare Global Enterprises Limited has acquired the share of Apex. On the same day Niruja Product Development and Healthcare Research Private Limited (Niruja) admitted as partner and the revised capital and profit sharing ratio is 99.01 : 0.99 between HCG and Niruja respectively.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of statement of accounts

The statement of accounts of the Firm have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and relevant provision of Rule 24 of the Limited Liability Partnership Rules, 2009 (The Rules). The statement of accounts have been prepared on accrual basis under the historical cost convention.

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

2.2 Use of estimates

The preparation of the statement of accounts 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 statement of accounts are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Going concern

The Firm had incurred losses and had negative operating cash flows during the year and earlier years. However, the management expects profits and positive operating cash flows in future periods. Further, the Board of Directors of HCG (the Holding Company) decided at its board meeting dated 07 February 2019 to convert the Firm into a Company and then merge with HCG. Considering this and the support letter received from HCG, the Management has prepared the statement of accounts on a going concern basis.

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.

2.5 Inventories

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

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 Fixed assets

Tangible assets

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

The Firm depreciates tangible assets over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets as follows:

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

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

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

Intangible assets

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

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

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

2.11 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 income and expenditure in the period in which they arise.

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

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

2.12 Employee benefits

Defined contribution plan

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

Defined benefit plans

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

Compensated absences

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

2.13 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 income and expenditure over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of income and expenditure during extended periods when active development activity on the qualifying assets is interrupted.

2.14 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 Statement of assets and liabilities when it is highly probable that future economic benefit associated with it will flow to the Firm.

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

2.15 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 Statement of assets and liabilities date. These are reviewed at each Statement of assets and liabilities date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the statement of accounts.

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 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 income and expenditure on a straight-line basis over the lease term.

2.17 Impairment

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

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

3 Contribution

Particulars	As at 31 March 2019	As at 31 March 2018
Capital account		
Fixed capital contribution *		
HealthCare Global Enterprises Limited	6,188,125	3,131,250
Niruja Product Development and Healthcare Research Private Limited**	61,875	-
Apex Criticare LLP	-	3,118,750
	6,250,000	6,250,000
Variable capital contribution		
Apex Criticare LLP *		
Balance at the beginning of the year	59,120,272	59,120,272
Less: Repayment of contribution	(59,120,272)	-
Balance at the end of the year	-	59,120,272
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	275,259,558	67,572,151
Add: Additional contribution	458,963,755	207,687,407
Balance at the end of the year	734,223,313	275,259,558
Total	740,473,313	340,629,830

* During the year ended 31 March 2019, Apex Criticare LLP, holding 49.90% stake, retired from the Firm and was paid an amount of Rs. 252,516,000 as consideration. Accordingly goodwill amounting Rs. 295,388,065 has been computed towards Apex Criticare LLP's share, which has been allocated to the existing partners at their new profit sharing ratio. On the same day, Niruja Product Development and Healthcare Research Private Limited was admitted as partner with a contribution of Rs. 61,875. Pursuant to this, the HealthCare Global Enterprises Limited and Niruja Product Development and Healthcare Research Private Limited holds 99.01% and 0.99% interest in LLP, respectively.

** Niruja Product Development and Healthcare Research Private Limited's share of fixed capital has been allocated from HealthCare Global Enterprises Limited.

4 Reserves and surplus

Particulars	As at 31 March 2019	As at 31 March 2018
Surplus/(deficit) (statement of income and expenditure)		
At the commencement of the year	(135,569,984)	535,404
Add: Loss for the year	(291,090,618)	(136,105,388)
Less: Loss distributed to partner - Apex Criticare LLP	(105,111,088)	-
Goodwill computed on retirement of Apex Criticare LLP	(295,388,065)	-
Loss available for appropriation	(616,937,579)	(135,569,984)
Share of loss and goodwill appropriated to HealthCare Global Enterprises Limited	(610,829,897)	(67,798,549)
Share of loss appropriated to Apex Criticare LLP	-	(67,771,435)
Share of loss and goodwill appropriated to Niruja Product Development and Healthcare Research Private Limited	(6,107,682)	-
At the end of the year	(616,937,579)	(135,569,984)

5 Long-term borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Secured:		
Term loans from banks (refer note (i))	269,365,250	169,860,000
Unsecured:		
Deferred payment obligations (refer note (ii))	1,442,658	108,028,810
	270,807,908	277,888,810

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

Notes:

Details of security and terms of repayment for the long-term borrowings:

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Term loans from banks - Secured		
Non-current portion	269,365,250	169,860,000
Amounts included under Current maturities of long-term debt	10,494,750	-
- Secured by exclusive charge on equipments purchased from these loans, exclusive charge on all movable fixed assets and current assets (both present and future, not charged exclusively to any other lender) and unconditional and irrecoverable corporate guarantee and debt shortfall undertaking from HealthCare Global Enterprises and Apex Criticare LLP (up to the date of retirement).		
- Rate of interest: 1.25% spread over and above Yes Bank half yearly MCLR.		
- Repayable in installments over a period of 7 to 10 years from the date of borrowing.		
(ii) Deferred payment obligations - Unsecured		
Non-current portion	1,442,658	108,028,810
Amounts included under Current maturities of long-term debt	98,338,081	120,310,000
- Rate of interest 3% p.a		
- Repayment in installments over a period of 1 to 3 years		
Total	379,640,739	398,198,810
Non-current portion	270,807,908	277,888,810
Amounts included under Current maturities of long-term debt	108,832,831	120,310,000
6 Other non-current liabilities		
Particulars	As at 31 March 2019	As at 31 March 2018
Rent equalisation reserve	114,858,142	7,448,968
	114,858,142	7,448,968
7 Long term provision		
Particulars	As at 31 March 2019	As at 31 March 2018
Gratuity (refer note 30)	1,053,416	638,466
	1,053,416	638,466
8 Trade payables		
Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro and small enterprises (refer note 27)	-	-
Total outstanding dues of creditors other than micro and small enterprises*	52,849,946	47,567,247
	52,849,946	47,567,247
* For details relating to payable to related parties, please refer note 32.		
9 Other current liabilities		
Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term debt (refer note 5 (i))	10,494,750	-
Current maturities of deferred payment obligation (refer note 5 (ii))	98,338,081	120,310,000
Creditors for capital goods	139,636	139,636
Advance from customers	15,151,600	7,559,074
Advance payable to related party (refer note 32)	-	9,980,000
Statutory remittances	2,977,038	1,752,477
Accrued salaries and benefits	9,141,131	1,136,789
	136,242,236	140,877,976
10 Short term provisions		
Particulars	As at 31 March 2019	As at 31 March 2018
Gratuity (refer note 30)	276,169	185,000
Compensated absence	1,184,046	830,847
	1,460,215	1,015,847

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

13 Long-term loans and advances

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	-	13,589,940
Prepaid expenses	5,601,758	5,987,452
Security deposits	75,792,820	75,792,820
Advance income tax and tax deducted at source, net of provision for tax	4,559,533	407,146
	85,954,111	95,777,358

14 Other non-current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Interest accrued on deposits	1,085,702	129,382
Bank balance in margin money	13,749,898	13,749,898
	14,835,600	13,879,280

15 Inventories (at lower of cost and net realisable value)*

Particulars	As at 31 March 2019	As at 31 March 2018
Medical and non-medical items	6,510,221	7,909,154
	6,510,221	7,909,154

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

16 Trade receivables*

Particulars	As at 31 March 2019	As at 31 March 2018
Other trade receivables:		
- Unsecured, Considered good	43,494,190	7,232,859
- Considered doubtful	-	-
	43,494,190	7,232,859
Less: Provision for doubtful trade receivables	-	-
	43,494,190	7,232,859

*Refer note 32 for trade receivables from related parties.

17 Cash and bank balances

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Cash on hand	129,768	88,260
Balances with banks:		
On current accounts	7,130,409	9,074,638
	7,260,177	9,162,898

18 Short-term loans and advance

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
- Loans and advances to employees	518,591	146,171
- Prepaid expenses	1,704,582	3,933,487
Advance to vendors	8,563,272	-
Other receivables *	41,935	-
Balance with revenue authorities	1,743,435	-
	12,571,815	4,079,658

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

19 Other current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Unbilled revenue	15,996,484	6,632,819
	15,996,484	6,632,819

Apex HCG Oncology Hospitals LLP

Notes to statement of accounts for the year ended 31 March 2019

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

11 Tangible assets and Capital work in progress

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 01 April 2017	-	-	-	-	-	-	-	329,395,874	329,395,874
Additions	46,372,364	486,972,359	5,362,337	16,655,629	4,818,196	290,141	560,471,026	713,193	561,184,219
Capitalised	-	-	-	-	-	-	-	(329,395,874)	(329,395,874)
Exchange fluctuation	-	(735,203)	-	-	-	-	(735,203)	-	(735,203)
Balance as at 31 March 2018	46,372,364	486,237,156	5,362,337	16,655,629	4,818,196	290,141	559,735,823	713,193	560,449,016
Additions	5,838,119	8,868,294	773,600	2,095,446	379,197	-	17,954,656	3,882,514	21,837,170
Disposals	(925,979)	-	-	-	-	-	(925,979)	-	(925,979)
Capitalised	-	-	-	-	-	-	-	4,347,294	4,347,294
Exchange fluctuation	-	464,773	-	-	-	-	464,773	-	464,773
Balance as at 31 March 2019	51,284,504	495,570,223	6,135,937	18,751,075	5,197,393	290,141	577,229,273	248,413	577,477,686
II. Accumulated depreciation									
Balance as at 01 April 2017	-	-	-	-	-	-	-	-	-
Depreciation expense	1,330,480	20,350,684	756,837	1,221,476	949,553	16,852	24,625,882	-	24,625,882
Balance as at 31 March 2018	1,330,480	20,350,684	756,837	1,221,476	949,553	16,852	24,625,882	-	24,625,882
Depreciation expense	2,695,748	39,017,049	1,143,767	1,779,158	1,171,485	29,014	45,836,221	-	45,836,221
Disposals	(36,912)	-	-	-	-	-	(36,912)	-	(36,912)
Balance as at 31 March 2019	3,989,316	59,367,733	1,900,604	3,000,634	2,121,038	45,866	70,425,191	-	70,425,191
Net block as at 31 March 2018	45,041,884	465,886,472	4,605,500	15,434,153	3,868,643	273,289	535,109,941	713,193	535,823,134
Net block as at 31 March 2019	47,295,188	436,202,490	4,235,333	15,750,441	3,076,355	244,275	506,804,082	248,413	507,052,495

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

Apex HCG Oncology Hospitals LLP

Notes to statement of accounts for the year ended 31 March 2019

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

12 Other intangible assets

	As at 31 March 2019	As at 31 March 2018
Carrying amounts of:		
Computer software	7,132,504	-
	7,132,504	-

Description of Assets	Intangible Assets	
	Computer software	Total

I. Cost

Balance as at 31 March 2018	-	-
Additions	7,771,236	7,771,236
Balance as at 31 March 2019	7,771,236	7,771,236

II. Accumulated depreciation and impairment

Balance as at 31 March 2018	-	-
Amortisation expense	638,732	638,732
Balance as at 31 March 2019	638,732	638,732

Net Block as at 31 March 2018	-	-
Net Block as at 31 March 2019	7,132,504	7,132,504

20 Revenue from operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Medical service income	263,918,972	87,922,671
Sale of medical and non-medical items	6,130,213	2,419,977
Other operating income	180,000	334,125
Total	270,229,185	90,676,773

21 Other income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income from bank deposit	956,320	953,373
Net gain on foreign currency transactions and translation	-	1,817
Other income	3,444	6,094
	959,764	961,284

22 Purchase of medical and non medical items

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Medical and non-medical items *	32,477,560	18,405,840
Consumables	12,230,236	6,026,139
	44,707,796	24,431,979

* includes purchases from related parties (refer note 32)

23 Changes in inventories of medical and non-medical items

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the period	7,909,154	-
Inventories at the end of the period	6,510,221	7,909,154
Net (increase) / decrease	1,398,933	(7,909,154)

24 Employee benefits expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	65,446,478	34,790,481
Contributions to provident and other funds (refer note 30)	2,924,852	2,225,791
Staff welfare expenses	1,905,385	820,616
	70,276,715	37,836,888

25 Finance costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on borrowings	17,766,625	8,754,695
Bank charges	1,264,005	560,045
Loan processing charges	2,765,480	625,887
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	13,598,634	-
	35,394,744	9,940,627

26 Other expenses *

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Medical consultancy charges	46,504,284	30,323,197
Legal and professional charges	6,077,341	2,687,073
Lab charges	12,549,553	2,722,335
Power, fuel and water	19,936,564	11,624,829
Rent**	222,636,640	63,426,593
Repairs and maintenance:		
- Building	926,614	-
- Machinery	1,275,800	133,197
- Others	1,706,478	359,557
Insurance	-	335,000
Rates and taxes	1,912,292	1,228,764
Communication	1,129,060	593,792
Travelling and conveyance	4,852,476	2,200,209
Printing and stationery	21,244	121,492
House keeping and security expenses	21,492,137	10,850,593
Business promotion expenses	19,983,584	10,947,000
Payments to auditors		
- As statutory auditors (refer note below)	1,092,460	607,700
Loss on sale of assets	850,391	-
Miscellaneous expenses	1,079,508	655,892
	364,026,426	138,817,223

* Refer note 32 for related party transactions

** Rent includes prior period expense of Rs.61,921,995

Payment to auditors

- Statutory audit fees	898,356	500,000
- Out of pocket expenses	27,458	15,000
- Indirect taxes	166,646	92,700
	1,092,460	607,700

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Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

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 2019 has been made in the statement of accounts 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 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	-	-
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

28 Contingent liabilities and commitments

Capital commitments

Particulars

	Year ended 31 March 2019	Year ended 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	520,672

Contingent liabilities

In light of recent judgement of Hon'ble Supreme Court dated 28 February 2019, on the definition of 'Basic wage' under the Employees Provident Fund and Misc. Provision Act, 1952, and as per Firm's evaluation based on legal advice, there are significant uncertainties and numerous interpretation issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic wage would be applicable prospectively or retrospectively. The Firm will evaluate its position and update provision, if required, basis further clarity on the subject. The Firm does not expect the amount to be material to the statement of accounts.

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 statement of accounts.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred payment liabilities	99,780,739	228,338,810

30 Employee benefit plans

Defined contribution plans

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

The firm has recognized the following amounts in the Statement of income and expenditure towards its contributions to Provident Fund.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Contribution to provident fund	2,924,852	2,225,791

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

Employee benefit plans (continued)

Defined benefit plans

The Firm offers the Gratuity benefits (included as part of 'Contributions to provident and other funds' in Note 24 Employee benefits expense) to its employees. The following table sets out the status of the Gratuity and the amount recognised in the statement of accounts:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Components of employer expense		
Current service cost	376,783	244,784
Interest cost	84,284	51,191
Actuarial loss/ (gains)	45,052	(5,874)
Total expense/(credit) recognised in the statement of income and expenditure	506,119	290,101
Net asset/(liability) recognised in balance sheet		
Present value of defined benefit obligation (DBO)	1,329,585	823,466
Net asset/(liability) recognised in balance sheet	1,329,585	823,466
Current	276,169	185,000
Non-current	1,053,416	638,466
Total asset / (liability) recognised in the balance sheet	1,329,585	823,466
Change in defined benefit obligations		
Present value of DBO at beginning of period	823,466	533,365
Current service cost	376,783	244,784
Interest cost	84,284	51,191
Actuarial loss/ (gains)	45,052	(5,874)
Present Value of DBO at the end of year	1,329,585	823,466
Actuarial assumption		
Discount rate	7.10%	6.80%
Expected return on plan assets	NA	NA
Salary escalation	5.00%	5.00%
Attrition rate	30.00%	30.00%
Mortality	Indian Assured Lives (2006-08) Mod Ult	Indian Assured Lives (2006-08) Mod Ult

Actuarial valuation experience adjustment

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Defined benefit obligation	(1,329,585)	(823,466)
Plan assets	-	-
(Deficit)	(1,329,585)	(823,466)
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 income and expenditure in respect of compensated absences amounts to Rs 38,574 (previous year: Rs.14,935). 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

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
(All amounts in Indian rupees, except share data and unless otherwise specified)

32 Related party transactions

a. Details of related parties:

Description of relationship	Names of related parties
Holding Company	HealthCare Global Enterprises Limited
Designated partner	Apex Criticare LLP (till 31 July 2018) Niruja Product Development and Healthcare Research Private Limited (from 01 August 2018)
Common control entity	HCG NCHRI Oncology LLP

b. Details of related party transactions during the year:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Contribution/(withdrawal) to Partner's capital account		
HealthCare Global Enterprises Limited	462,020,630	207,687,407
Niruja Product Development and Healthcare Research Private Limited	61,875	-
Repayment of contribution upon retirement of partner		
Apex Criticare LLP	252,516,000	-
Advance payable to related party		
Apex Criticare LLP	(9,980,000)	9,980,000
Other advances paid		
HealthCare Global Enterprises Limited	18,888,975	-
Rent		
Apex Criticare LLP	222,636,640	63,426,593
Purchases of medical and non-medical items		
HealthCare Global Enterprises Limited	18,974,156	12,529,253
Lab charges		
HealthCare Global Enterprises Limited	-	1,162,279

c. Details of related party balances outstanding:

Particulars	As at 31 March 2019	As at 31 March 2018
Partner's capital account		
HealthCare Global Enterprises Limited	740,411,438	278,390,808
Niruja Product Development and Healthcare Research Private Limited	61,875	-
Apex Criticare LLP	-	62,239,022
Other receivables		
HCG NCHRI Oncology LLP	41,935	-
Trade receivables		
Apex Criticare LLP	-	75,000,000
HealthCare Global Enterprises Limited	18,888,974	-
Other current liabilities		
Apex Criticare LLP	-	9,980,000
Trade payables		
HealthCare Global Enterprises Limited	7,914,852	12,879,558

Apex HCG Oncology Hospitals LLP
Notes to statement of accounts for the year ended 31 March 2019
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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 5 years and on mutual consent the lease can be renewed for an additional period to be agreed at the time of renewal of the lease. The lease agreements provide for an increase in the lease payments by 15% every 3 years.

Particulars	As at 31 March 2019	As at 31 March 2018
Future minimum lease payments:		
Upto One year	114,599,514	114,599,258
More than one year and upto five years	513,047,698	368,628,447
More than five years	2,522,801,459	-

The Firm's significant cancellable leasing arrangements are mainly in respect of its hospital premises and equipments. The aggregate lease rentals payable on these cancellable arrangements charged to the Statement of income and expenditure amounting to Rs.120,486,192 (previous year: Rs.63,426,593)

34 Deferred taxation

The Firm has a deferred tax asset position as at 31 March 2019 and 31 March 2018. No deferred tax asset is recognized 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.

35 Previous year figures have been regrouped / re-classed wherever necessary in conformity with the current year presentation.

Particulars	Note	Amount as per previous year financials	Adjustments	Revised amount for previous year
Contribution	3	350,609,830	(9,980,000)	340,629,830
Other current liabilities	9	130,897,976	9,980,000	140,877,976

The accompanying notes are an integral part of these statement of accounts

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
Apex HCG Oncology Hospitals LLP

Amit Somani
Partner
Membership number: 060154

Dinesh Madhavan
Designated Partner
DIN: 7497791

Dr. Ramesh B.S.
Designated Partner
DIN: 00518434

Place : Bengaluru
Date : 08 August 2019

Place : Bengaluru
Date : 08 August 2019

Place : Bengaluru
Date : 08 August 2019