

**INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF
HCG SUN HOSPITALS LLP**

Opinion

I have audited the financial statements ("the Statement of Account") of **HCG Sun Hospitals LLP** ("the LLP"), which comprise the Balance Sheet at March 31 2020, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as required by rule 24(8) of the Limited Liability Partnership Rules, 2009 ('the Rules').

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the LLP as at March 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the LLP's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the LLP to cease to continue as a going concern.

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



HARSHIL PATEL & CO.

CHARTERED ACCOUNTANTS

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

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



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

**Harshil
Rajendra
Patel**

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Harshil Rajendra Patel
Date: 2020.07.29
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HARSHIL PATEL

Proprietor

(Membership No.: 143444)

(UDIN: 20143444AAAADP1468)

Place: Ahmedabad

Date: July 29, 2020

HCG SUN Hospitals LLP

Balance sheet as at 31 March 2020

(Amount in Rs)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
Contribution And Liabilities			
Partners' funds			
Partners' capital	3	23,08,54,321	14,19,75,972
Reserves and surplus	4	(10,33,14,172)	(4,99,85,450)
		<u>12,76,40,149</u>	<u>9,19,90,522</u>
Non-current liabilities			
Long-term borrowings	5	18,80,74,592	13,33,62,954
Other non-current liabilities	6	1,29,87,421	33,97,484
Long-term provisions	7	3,07,789	78,570
		<u>20,13,69,792</u>	<u>13,68,39,008</u>
Current liabilities			
Trade payables	8	6,13,91,736	4,32,89,129
Other current liabilities	9	1,34,31,586	6,36,49,433
Short-term provisions	10	4,10,251	2,72,834
		<u>7,52,33,573</u>	<u>10,72,11,396</u>
Total		<u>40,41,43,624</u>	<u>33,60,40,926</u>
Assets			
Non-current assets			
Property, plant and equipment	11	20,20,25,701	20,87,95,364
Intangible assets	12	1,29,33,544	12,70,012
Deferred tax assets (net)	35	4,69,22,000	2,12,59,000
Long-term loans and advances	14	5,61,11,427	5,50,22,559
Other non-current assets	15	10,77,367	10,17,019
		<u>31,90,70,039</u>	<u>28,73,64,554</u>
Current assets			
Inventories	16	85,62,248	87,17,989
Trade receivables	17	4,32,29,030	54,66,472
Cash and bank balances	18	1,28,31,506	83,04,305
Short-term loans and advances	19	2,00,22,512	2,02,07,292
Other current assets	20	4,28,189	59,80,314
		<u>8,50,73,485</u>	<u>4,86,76,372</u>
Total		<u>40,41,43,624</u>	<u>33,60,40,926</u>

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.
Chartered AccountantsHarshil
Rajendra
PatelDigitally signed
by Harshil
Rajendra Patel
Date:
2020.07.29
19:16:13 +05'30'Harshil Patel
ProprietorFor and on behalf of Partners of
HCG SUN Hospitals LLPDr. Bharat Gadhavi
Designated Partner
DPIN : 1665633Dr. Sudhir Bhimani
Designated Partner
DPIN : 2297357Place: Ahmedabad
Date: JULY - 29, 2020Place: Ahmedabad
Date: July 28, 2020Place: Ahmedabad
Date: July 28, 2020

HCG SUN Hospitals LLP

Statement of Profit and Loss for the year ended 31 March 2020

(Amount in Rs)

Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	21	24,21,91,389	8,35,26,839
Other income	22	1,54,858	94,310
Total Revenue		24,23,46,247	8,36,21,149
Expenditure			
Purchase of medical and non medical items	23	7,98,12,014	3,89,29,979
Changes in inventories of medical and non-medical items	24	1,55,741	(87,17,989)
Employee benefits expense	25	5,05,36,096	2,63,42,452
Finance costs	26	3,39,93,786	97,20,904
Depreciation and amortisation expense	27	2,31,38,594	1,64,26,913
Other expenses	28	13,37,01,738	7,09,93,249
Total Expense		32,13,37,969	15,36,95,500
(Loss) before tax		(7,89,91,722)	(7,00,74,359)
Tax expense / (benefit):			
Current tax		-	-
Deferred tax		(2,56,63,000)	(2,09,75,327)
Net tax (benefit)		(2,56,63,000)	(2,09,75,327)
(Loss) after tax		(5,33,28,722)	(4,90,99,032)

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.
Chartered Accountants
Harshil
Rajendra
Patel
Harshil Patel
Proprietor

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Harshil Rajendra Patel
Date: 2020.07.29
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Place: Ahmedabad
Date: JULY-29, 2020

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

Dr. Bharat Gadhavi
Designated Partner
DPIN : 1665633

Dr. Sudhir Bhimani
Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: July 28, 2020

Place: Ahmedabad
Date: July 28, 2020

HCG SUN Hospitals LLP

Cash Flow Statement for the year ended 31 March 2020

(Amount in Rs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from operating activities		
(Loss) before tax	(7,89,91,722)	(7,00,74,359)
Adjustments for:		
Finance costs	3,39,93,786	97,20,904
Depreciation and amortisation expense	2,31,38,594	1,64,26,913
Provision for Discount and Disallowance	13,77,439	10,00,000
Interest income	(80,000)	(11,910)
Rent equalisation	95,89,937	33,97,484
Operating profit before working capital changes	(1,09,71,974)	(3,95,40,968)
Changes in operating assets and liabilities:		
(Increase) / Decrease in operating assets:		
Long-term loans and advances	25,37,753	(2,51,33,407)
Inventories	1,55,741	(87,17,989)
Trade receivables	(3,91,39,997)	(64,66,472)
Short-term loans and advances	1,84,780	-
Other current assets	55,52,125	(2,61,87,606)
Increase / (Decrease) in operating liabilities:		
Long-term provisions	2,29,219	78,570
Trade payables	1,81,02,607	4,32,53,729
Other current liabilities	(30,91,471)	1,09,55,910
Short-term provisions	1,37,417	2,72,834
Cash generated from operations	(2,63,03,800)	(5,14,85,399)
Income taxes paid (net of refunds)	(99,75,403)	(2,70,191)
Net cash (used in) operating activities (A)	(3,62,79,203)	(5,17,55,590)
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment, capital	(7,01,37,124)	(15,75,49,230)
Deposits placed (net)	1,11,494	(17,76,166)
Interest received	97,027	(5,109)
Net cash (used in) investing activities (B)	(6,99,28,603)	(16,93,30,605)
C. Cash flow from financing activities		
Proceeds from contribution of members (net)	8,80,76,351	9,07,32,704
- Share application money received		
Proceeds from long-term borrowings	5,53,76,453	14,23,24,139
- Repayment of long-term borrowings		(60,00,000)
Repayment from long-term borrowings		
Finance cost	(3,33,30,934)	(84,42,609)
Net cash in financing activities (C)	11,09,23,870	21,86,14,234
Net increase in cash and cash equivalents (A+B+C)	47,16,064	75,28,139
Cash and cash equivalents at the beginning of the year	75,28,139	-
Cash and cash equivalents at the end of the year (Refer Note 18(A))	1,22,44,203	75,28,139

Notes:

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

The accompanying notes are an integral part of these financial statements

As per my reports of even date attached

For Harshil Patel & Co.
Chartered Accountants
Harshil Patel
Rajendra Patel
Patel
Harshil Patel
Proprietor

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by Harshil
Rajendra Patel
Date: 2020.07.29
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Place: Ahmedabad
Date:

JULY 29, 2020

For and on behalf of Partners of
HCG SUN Hospitals LLP

Dr. Bharat Gadhavi
Designated Partner
DPIN : 1665633

Place: Ahmedabad
Date: July 28, 2020

Dr. Sudhir Bhimani
Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: July 28, 2020

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

1 Corporate information

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

The financial statements or Statement of Accounts for the year ended March 31, 2020 were approved by the Partners and authorised for issue on

JULY 29, 2020

2 Summary of significant accounting policies

(a) Basis of accounting and preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. LLP has prepared these financial statements to give a true and fair view of the financial position of the LLP as at March 31, 2020, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

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

(b) Use of estimates

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

(c) Revenue recognition

Medical services

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

Sale of medical and non-medical items

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

Other operating income

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

Interest income

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

(d) Inventories

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



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S-D. Bhimsani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(e) Property, Plant and Equipments

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

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

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

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

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

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

(f) Intangible assets

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

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

The estimated useful lives of intangible assets are as follows :

Asset category	Useful life
Computer software	6 years

(g) Foreign currency transactions

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

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

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



S.D. Bhimani
S.D. - Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(h) Employee benefits

Defined Contribution Plans :

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

Defined Benefit Plans :

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

Long-term employee benefits :

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

Termination Benefits :

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

(i) Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during the extended periods when active development on the qualifying assets is interrupted.

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

(j) Taxes on income

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

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

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



Handwritten signature and date:
S.D. P. K. J. 5-12-2019

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(k) Impairment of assets

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

(l) Provisions and contingencies

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

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

(m) Government grants

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

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

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

(o) Segment Reporting

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



S.D. Bhimani
S.D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(p) Leases

As a lessee:

(a) Operating leases

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

(b) Finance leases

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

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

(q) Operating Cycle

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



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S-D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

	As at 31 March 2020	As at 31 March 2019
3 Partners' capital		
Fixed capital contribution		
HealthCare Global Enterprises Limited	7,40,000	7,40,000
Shiv - Sun Medical Services LLP	2,60,000	2,60,000
	<u>10,00,000</u>	<u>10,00,000</u>
Variable capital contribution		
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	12,71,30,547	4,05,03,268
Add: Addition during the year (net)	7,78,83,774	8,66,27,279
Balance at the end of the year	<u>20,50,14,321</u>	<u>12,71,30,547</u>
Shiv - Sun Medical Services LLP		
Balance at the beginning of the year	1,38,45,425	97,40,000
Add: Addition during the year (net)	1,09,94,575	41,05,425
Balance at the end of the year	<u>2,48,40,000</u>	<u>1,38,45,425</u>
Total	<u><u>23,08,54,321</u></u>	<u><u>14,19,75,972</u></u>
4 Reserves and surplus		
Deficit in Statement of Profit and Loss		
Balance at the Beginning of the year	(4,99,85,450)	(8,86,418)
Add: (Loss) for the year	(5,33,28,722)	(4,90,99,032)
Total	<u><u>(10,33,14,172)</u></u>	<u><u>(4,99,85,450)</u></u>
5 Long-term borrowings		
Secured:		
Term loan from banks (refer note (i))	17,50,74,592	13,33,62,954
Unsecured:		
Loan from fellow subsidiary (refer note (ii))	1,30,00,000	-
Total	<u><u>18,80,74,592</u></u>	<u><u>13,33,62,954</u></u>

(i) Security:

1. Secured by First charge on Current Assets including stock and Book debts, both present and future.
2. First Charge on the movable and immovable fixed Assets, both present and future.
3. Irrevocable and unconditional Corporate Guarantee of Holding Company till the end of the tenor of the facility.

Rate of interest: 12 Month MCLR

Repayment: Door to Door tenor of 120 months (including moratorium of 24 months of principle repayment) and 32 ballooning quarterly principle repayments.

- (ii) Interest bearing loan granted at 13% p.a repayable after 3 years from the date of borrowing.



S. D. Bhingra

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

	As at 31 March 2020	As at 31 March 2019
6 Other non-current liabilities		
Rent equalisation reserve	1,29,87,421	33,97,484
Total	1,29,87,421	33,97,484
7 Long-term provisions		
Provision for Gratuity (Refer note 32)	3,07,789	78,570
Total	3,07,789	78,570
8 Trade payable		
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues other than micro and small enterprises	6,13,91,736	4,32,89,129
Total	6,13,91,736	4,32,89,129
9 Other current liabilities		
Current maturities of long-term debt (refer note 5 above)	36,26,000	29,61,185
Interest accrued but not due on borrowings	19,41,147	12,78,295
Creditors of capital goods	-	4,84,54,043
Payable to employees	42,26,422	34,42,616
Advance from customers	14,70,824	44,30,513
Statutory payables	21,67,193	30,82,781
Total	1,34,31,586	6,36,49,433
10 Short-term provision		
Provision for Gratuity (Refer note 32)	1,01,109	10,478
Provision for Compensated absence (Refer note 32)	3,09,142	2,62,356
Total	4,10,251	2,72,834



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S.D. Bhavsani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

11 Property, plant and equipment

	Leasehold improvements	Plant and equipment	Medical & Lab equipment	Office Equipment	Furniture and Fixtures	Data processing equipment	Electrical installation	Vehicles	Total
I. Cost									
Balance as at 1 April, 2018	2,45,78,951	1,85,33,413	14,08,31,547	4,83,670	3,00,57,177	71,11,476	11,36,182	28,51,808	22,50,64,224
Actions	2,45,78,951	1,85,33,413	14,08,31,547	4,83,670	3,00,57,177	71,11,476	11,36,182	28,51,808	22,50,64,224
Balance as at 31 March, 2019	1,41,847	92,880	1,02,48,787	28,912	7,28,972	7,98,149	79,332	36,289	1,21,43,129
Actions	2,47,20,798	1,86,26,293	15,07,78,334	4,93,582	3,07,86,149	79,07,816	12,06,514	28,88,087	23,72,07,353
Balance as at 31 March, 2020									
II. Accumulated Depreciation									
Balance as at 1 April, 2018	1,21,601	9,98,376	87,13,181	2,34,329	47,77,103	11,64,737	1,74,481	85,082	1,82,68,860
Depreciation expense	1,21,601	9,98,376	87,13,181	2,34,329	47,77,103	11,64,737	1,74,481	85,082	1,82,68,860
Balance as at 31 March, 2019	14,31,770	12,27,055	1,08,43,193	36,806	28,68,594	19,24,700	1,08,018	3,35,718	1,89,12,792
Depreciation expense	15,53,371	22,25,431	1,96,55,314	2,91,136	76,65,697	30,89,437	2,79,497	4,20,770	3,51,81,652
Balance as at 31 March, 2020									
Net Block as at 31 March, 2020	2,31,87,427	1,64,00,862	13,11,22,020	2,02,447	2,31,20,452	48,18,179	9,27,017	22,67,287	20,20,25,701
Net Block as at 31 March, 2019	2,44,57,350	1,75,35,037	13,18,13,366	2,29,341	2,52,80,074	59,46,739	9,61,701	28,66,756	20,87,55,384
12 Intangible assets									
I. Cost									
Balance as at 1 April 2018									
Actions	14,28,665	14,28,665							
Balance as at 31 March 2019	14,28,665	14,28,665							
Actions	1,58,88,734	1,58,88,734							
Balance as at 31 March 2020	1,73,17,399	1,73,17,399							
II. Accumulated amortisation and impairment									
Balance as at 1 April 2018									
Amortisation expense	1,58,053	1,58,053							
Balance as at 31 March 2019	1,58,053	1,58,053							
Amortisation expense	42,25,802	42,25,802							
Balance as at 31 March 2020	43,83,855	43,83,855							
Net block as at 31 March 2020	1,29,33,544	1,29,33,544							
Net block as at 31 March 2019	12,70,812	12,70,812							

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S. D. Bhatnagar



HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

	As at 31 March 2020	As at 31 March 2019
14 Long-term loans and advances (Unsecured, considered good unless otherwise stated)		
Capital advances	6,46,179	69,94,961
Security deposits	4,52,04,001	4,51,58,000
Advance Income tax	1,02,45,594	2,70,191
Prepaid expenses	15,653	25,99,407
Total	5,61,11,427	5,50,22,559
15 Other non-current assets	As at 31 March 2020	As at 31 March 2019
Bank Deposit	10,77,367	10,00,000
Interest accrued on deposits	-	17,019
Total	10,77,367	10,17,019
16 Inventories	As at 31 March 2020	As at 31 March 2019
Medical and non-medical items	85,62,248	87,17,989
Total	85,62,248	87,17,989
17 Trade receivables	As at 31 March 2020	As at 31 March 2019
Unsecured		
Considered good	4,32,29,030	54,66,472
Doubtful	13,77,439	10,00,000
	4,46,06,469	64,66,472
Less: Provision for doubtful trade receivables	(13,77,439)	(10,00,000)
Total	4,32,29,030	54,66,472



* *[Signature]*
S.D. Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

	As at 31 March 2020	As at 31 March 2019
18 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	4,39,395	2,84,926
Cheques, drafts on hand	71,461	2,19,990
Balances with banks:		
- On current accounts	1,17,33,345	70,23,223
Total (A)	1,22,44,201	75,28,139
Other bank balances		
On deposit accounts (due to mature within 12 months of the reporting date)	5,87,305	7,76,166
Total (B)	5,87,305	7,76,166
Total (A) + (B)	1,28,31,506	83,04,305
19 Short-term loans and advances (Unsecured, considered good unless otherwise stated)		
Advance to vendor	1,93,73,481	1,97,94,921
Loans and advances to employees	4,99,692	16,334
Prepaid expenses	1,49,339	3,96,037
Total	2,00,22,512	2,02,07,292
20 Other current assets		
Unbilled revenue	4,28,189	59,80,314
Total	4,28,189	59,80,314



S.D. Bhatnagar

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
21 Revenue from operations		
Income from Medical service (net)	22,76,27,278	7,84,65,755
Sale of medical and non medical items	1,26,65,839	36,41,784
Other operating income	18,98,272	14,19,300
Total	24,21,91,389	8,35,26,839
22 Other income		
Interest income	80,008	11,910
Miscellaneous income	74,850	82,400
Total	1,54,858	94,310
23 Purchase of medical and non medical items		
Pharmacy	1,98,89,045	1,32,80,043
Total	1,98,89,045	1,32,80,043
24 Changes in inventories of medical and non-medical items		
Inventories at the end of the year:		
Medical and non-medical items	85,62,248	87,17,989
Inventories at the beginning of the year:		
Medical and non-medical items	87,17,989	-
Net (increase) / decrease in inventories of medical and non-medical items	1,55,741	-87,17,989
25 Employee benefits expense		
Salaries and wages	4,68,86,105	2,51,42,805
Contributions to provident fund (refer note 32)	33,30,141	11,10,599
Gratuity expense (refer note 32)	3,19,850	89,048
Total	5,05,36,096	2,63,42,452



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Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

26 Finance costs	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on		
Borrowings	1,73,99,444	52,05,489
Partners' Capital	35,14,551	14,20,328
Others	41,78,355	-
Other borrowing costs		
Bank Charges and Loan Processing charges	7,57,100	6,63,297
Corporate Guarantee Expenses	81,44,336	24,31,790
Total	3,39,93,786	97,20,904
27 Depreciation and amortisation expense	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment	1,89,12,792	1,62,68,860
Amortisation of intangible assets	42,25,802	1,58,053
Total	2,31,38,594	1,64,26,913
28 Other expenses	For the year ended 31 March 2020	For the year ended 31 March 2019
Medical consultancy charges (refer note 31)	6,67,34,133	3,04,23,571
Laboratory expenses	13,26,381	33,15,215
Power and fuel	1,10,41,384	67,00,909
House keeping and security expenses	54,27,842	50,67,801
Rent (refer note 33)	3,89,95,880	1,01,77,177
Repairs and maintenance:		
Buildings	3,61,822	3,90,683
Machinery	5,29,118	1,25,110
Others	5,46,483	3,69,335
Insurance	2,55,620	69,826
Rates and taxes	-	4,940
Printing and stationery expenses	15,645	22,069
Business promotion expenses	35,37,171	1,07,38,086
Travelling and conveyance expenses	25,01,490	9,62,179
Legal and professional expenses	5,33,229	16,24,303
Payments to auditors:		
As statutory auditors	2,47,800	1,41,600
Other expenses	2,63,650	20,805
Communication expenses	8,52,175	7,30,462
Miscellaneous expenses	5,31,915	1,09,178
Total	13,37,01,738	7,09,93,249



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S.D. Bhambhani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

30 Related party transactions

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

Details of related party transactions during the year ended 31 March 2020

Transactions during the year	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of medical and non medical items HealthCare Global Enterprises Limited	8,65,792	86,38,733
Medical consultancy charges (Partners of Shiv Sun Medical Services LLP)		
Sudhir Bhimani	41,231	37,046
Girish Patel	12,88,911	11,17,939
Nathafal Ladani	1,67,177	3,92,279
Prashant Trivedi	6,54,800	1,71,518
Sanjay Bhatt	14,61,440	15,07,623
Bharat Parekh	3,00,779	1,75,401
Vinod Rakholia	3,900	6,021
Yogesh Mehta	7,28,981	6,97,598
Diagnostic Expenses Strand Life Science Pvt. Ltd.	5,73,928	-
Purchase of Medical and non-medical items Strand Life Science Pvt. Ltd.	10,15,209	-
Purchase of Property, Plant and Equipments Strand Life Science Pvt. Ltd.	53,70,025	-
Rent and amenities charges paid Sun Medisurge Pvt. Ltd.	2,40,00,000	2,13,54,839
Sales of Medical consultancy HCG Foundation	823	1,06,600
Loans Taken HCG Medi-Surge Hospitals Pvt. Ltd.	1,30,00,000	60,00,000
Loans Repaid HCG Medi-Surge Hospitals Pvt. Ltd.	-	60,00,000
Interest on Capital Contribution HealthCare Global Enterprises Limited	35,14,551	14,20,328



Sudhir Bhimani

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

Details of related party transactions during the year ended 31 March 2020

Transactions during the year	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on loan HCG Medi-Surge Hospitals Pvt. Ltd.	2,60,620	90,740
Corporate Guarantee Issued HealthCare Global Enterprises Limited	4,49,75,861	13,63,24,139
Corporate Guarantee Commission HealthCare Global Enterprises Limited	69,01,980	20,60,839
Contribution of capital HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	7,78,83,774 1,09,94,575	8,66,27,279 41,05,425

Balances outstanding	As at 31 March 2020	As at 31 March 2019
Interest Payable HealthCare Global Enterprises Limited	19,41,147	12,78,295
Corporate Guarantee Issued HealthCare Global Enterprises Limited	18,13,00,000	13,63,24,139
Other Payable HealthCare Global Enterprises Limited	91,92,969	20,60,839
Loan payable HCG Medi-Surge Hospitals Pvt. Ltd.	1,30,00,000	-
Trade Payables HealthCare Global Enterprises Limited	1,05,47,436	95,86,527
Trade Receivable HCG Foundation	1,07,423	1,06,600
Security Deposit for Lease Sun Medi-Surge Pvt. Ltd.	4,50,00,000	4,50,00,000
Loans and Advances Sun Medi-Surge Pvt. Ltd.	1,92,30,321	1,94,40,000
Partners Capital Account (Fixed) HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	7,40,000 2,60,000	7,40,000 2,60,000
Partners Current Account (Variable) HealthCare Global Enterprises Limited Shiv Sun Medical Services LLP	20,50,14,321 2,48,40,000	12,71,30,547 1,38,45,425

31 Segment Report

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



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S-D. Bhargava

HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

32 Employee benefit plans

(i) Defined contribution plans

The LLP has defined contribution plan in form of Provident Fund & Pension Scheme for qualifying employees. Under the Schemes, the LLP is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss in respect of such schemes are given below:

Particulars	For the year ended 31	For the year ended 31
	March 2020	March 2019
Contribution to Provident Fund & Pension Scheme	33,30,141	11,10,599
	<u>33,30,141</u>	<u>11,10,599</u>

(ii) Defined benefit plans

LLP's gratuity plan (unfunded) provides for lump sum payment to vested employees at retirement, death while in employment

A Assumptions

	As at 31 March 2020	As at 31 March 2019
Discount rate(s)	6%	7%
Expected rate(s) of salary increase	5%	5%
Employee turnover rate	45%	45%
Mortality Rates	100% of India Assured Lives 2012-14 Ultimate	100% of India Assured Lives 2006-08 Ultimate

B Expenses recognised in Statement of Profit and Loss

	For the year ended 31	For the year ended 31
	March 2020	March 2019
Current service cost	1,29,561	57,720
Net interest expense	25,655	4,903
Remeasurement of Defined Benefit Obligation		
Actuarial (gains) / losses arising from changes in demographic assumptions	(248)	-
Actuarial (gains) / losses arising from changes in financial assumptions	11,834	(2,067)
Actuarial (gains) / losses arising from experience adjustments	1,53,048	12,012
Total	<u>3,19,850</u>	<u>72,568</u>

C Present value of defined benefit obligation

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	89,048	16,480
Current service cost	1,29,561	57,720
Interest cost	25,655	4,903
Remeasurement of Defined Benefit Obligation	1,64,634	9,945
Balance at the end of the year	<u>4,08,898</u>	<u>89,048</u>

D Asset/ (liability) recognised in the Balance Sheet

	As at 31 March 2020	As at 31 March 2019
Present value of defined benefit obligation	4,08,898	89,048
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation (Unfunded)	<u>4,08,898</u>	<u>89,048</u>



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HCG SUN Hospitals LLP

Notes to the financial statements for the year ended 31 March, 2020

(Amount in Rs)

(iii) Compensated absence:

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

33 Details of leasing arrangements

The LLP has entered into operating lease arrangements for hospital building and fittings. The lease is non cancellable for a

Particulars	As at 31 March 2020	As at 31 March 2019
Upto One year	2,40,00,000	2,40,00,000
More than one year and upto five years	14,03,42,400	13,42,36,800
More than five years	38,88,83,173	41,89,88,773
Total	55,32,25,573	57,72,25,573

34 Commitments

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

	As at 31 March 2020	As at 31 March 2019
	1,85,633	48,01,877

35 Deferred tax Assets (net)

Deferred tax liabilities
Depreciation

	As at 31 March 2020	As at 31 March 2019
	(88,59,000)	(47,66,000)

Deferred tax assets
Tax Losses
Others

	(88,59,000)	(47,66,000)
	5,10,73,000	2,55,58,000
	47,08,000	4,22,000
	5,57,81,000	2,59,80,000
Deferred tax assets / (liabilities)	4,69,22,000	2,12,59,000

36 LLP has incurred losses during the year and its current liability exceeds current assets. However, financial statements have been prepared on a going concern basis on Management's estimates of future operation and the letter of support received from Holding Company. Considering this, no adjustment have been made to the carrying values or classification of the balance sheet.

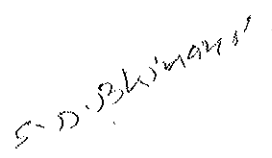
37 The LLP is monitoring the impact of global health pandemic on its financial condition, liquidity, operation, suppliers, industry and workforce. The LLP has used the principles of prudence in applying judgements, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as inventories, property, plant and equipments, and other assets, based on the current indicators of future economic conditions, the LLP expects to recover the carrying amounts of its assets. The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

For and on behalf of Partners of
HCG SUN Hospitals LLP


Dr. Bharat Gadhavi
Designated Partner
DPIN : 1665633

Place: Ahmedabad
Date: July 28, 2020




Dr. Sudhir Bhlmani
Designated Partner
DPIN : 2297357

Place: Ahmedabad
Date: July 28, 2020