

Independent Auditors' Report

To the Partners of HCG Manavata Oncology LLP

Report on the Audit of the Statements of Account

As required by rule 24(8) of the Limited Liability Partnership Rules, 2009 ('the Rules'), we have audited the accompanying Statements of Account of HCG Manavata Oncology LLP ("the LLP" or "the entity"), which comprise the Statement of Assets and Liabilities as at 31 March 2018, the Statement of Income and Expenditure and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred as "the Statements of Account").

Management's Responsibility for the Statements of Account

Management is responsible for the preparation of these Statements of Account that give a true and fair view of the financial position, financial performance and cash flows of the LLP in accordance with the accounting principles generally accepted in India, including the accounting standards issued by the Institute of Chartered Accountants of India ('the ICAI') and the provisions of the Limited Liability Partnership Act, 2008 ('the Act'), to the extent applicable.

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

In preparing the Statements of Account, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statements of Account based on our audit.

We conducted our audit of the Statements of Account in accordance with the Standards on Auditing issued by ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements of Account are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statements of Account. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements of Account, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Entity's preparation of the Statements of Account that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the entity's Management, as well as evaluating the overall presentation of the Statements of Account.

Independent Auditors' Report (continued)

HCG Manavata Oncology LLP

Auditor's responsibility (continued)

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Statements of Account or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Statements of Account.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, in our opinion the aforesaid Statements of Account give the information required by the applicable accounting principles in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the entity as at 31 March 2018, its profit and its cash flows for the year ended on that date.

Corresponding figures for the year ended 31 March 2017 of the Statements of Account have been audited by the predecessor auditor who expressed an unmodified opinion dated 21 May 2018.

This certificate is issued solely to comply with the aforementioned Act and related Rules, and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.

for **BSR & Co. LLP**

Chartered Accountants

ICAI firm registration number: 101248W /W-100022

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 8 August 2018

HCG Manavata Oncology LLP
Statement of assets and liabilities

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

	Note No.	As at 31 March 2018	As at 31 March 2017
Contribution and liabilities			
Partners' funds			
Contribution	3	478,151,384	236,937,845
Reserves and surplus	4	97,978,962	9,465,242
		576,130,346	246,403,087
Non-current liabilities			
Long-term borrowings	5	199,695,067	-
Deferred tax liabilities, net	6	25,355,000	1,348,000
Other non-current liabilities	7	62,342,982	-
Long-term provisions	8	587,228	53,166
		287,980,277	1,401,166
Current liabilities			
Trade payables	9	87,142,406	35,808,273
Other current liabilities	10	130,481,439	45,242,820
Short-term provisions	11	290,866	698,246
		217,914,711	81,749,339
Total		1,082,025,334	329,553,592
Assets			
Non-current assets			
Fixed assets			
-Plant, property and equipments	12	335,605,786	96,122,496
-Intangible assets	12	82,463	103,450
-Capital work-in-progress		680,452,537	108,251,969
Long-term loans and advances	13	10,267,841	69,470,564
Other non-current assets	14	781,694	-
		1,027,190,321	273,948,479
Current assets			
Inventories	15	6,154,663	4,987,930
Trade receivables	16	39,742,425	23,890,168
Cash and bank balances	17	380,108	1,004,719
Short-term loans and advances	18	1,183,705	20,355,097
Other current assets	19	7,374,112	5,367,199
		54,835,013	55,605,113
Total		1,082,025,334	329,553,592

Significant accounting policies

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The accompanying notes are an integral part of these statements of account

As per our reports of even date attached

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

Chartered Accountants

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

for and on behalf of

HCG Manavata Oncology LLP

LLPIN: AAH-1208

Amit Somani

Partner

Membership Number: 060154

Dinesh Madhavan

Designated Partner

DIN:7497791

Dr. Rajnish V Nagarkar

Partner

DIN:1850180

Place: Bengaluru

Date: 8 August 2018

Place: Bengaluru

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Place: Bengaluru

Date: 8 August 2018

HCG Manavata Oncology 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 2018	For the period ended 31 March 2017
Income			
Revenue from operations	20	491,611,676	34,792,612
Other income	21	227,541	-
Total income		491,839,217	34,792,612
Expenditure			
Purchases of medical and non-medical items	22	103,435,451	7,926,488
Changes in inventories	23	(1,166,733)	(127,347)
Employee benefits expense	24	58,201,013	3,334,986
Depreciation and amortisation expense	12	21,587,999	640,664
Finance costs	25	2,610,141	7,099
Other expenses	26	171,685,848	9,171,730
Total expenditure		356,353,719	20,953,620
Profit before tax		135,485,498	13,838,992
Tax expense			
-Current tax		22,964,778	3,025,750
-Deferred tax		24,007,000	1,348,000
Total tax expense		46,971,778	4,373,750
Profit after tax		88,513,720	9,465,242

Significant accounting policies 2

The accompanying notes are an integral part of these statements of account

As per our reports of even date attached

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

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

*for and on behalf of***HCG Manavata Oncology LLP**

LLPIN: AAH-1208

Amit Somani*Partner*

Membership Number: 060154

Dinesh Madhavan*Designated Partner*

DIN:7497791

Dr. Rajnish V Nagarkar*Partner*

DIN:1850180

Place: Bengaluru

Date: 8 August 2018

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Place: Bengaluru

Date: 8 August 2018

HCG Manavata Oncology LLP
Cashflow Statement for the year ended 31 March 2018
(All amounts in Indian rupees, except share data and unless otherwise specified)

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
A. Cash flows from operating activities:		
Profit before tax	135,485,498	13,838,992
Adjustments for:		
Profit on sale of fixed assets	(202,718)	-
Interest income	(24,823)	-
Finance costs	2,610,141	7,099.00
Depreciation and amortisation expense	21,587,999	640,664
Operating profit before working capital changes	159,456,097	14,486,755
Changes in working capital:		
Inventories	(1,166,733)	(4,987,930)
Trade receivables	(15,852,257)	(23,890,168)
Long- term and short-term loans and advances	16,907,621	(21,540,038)
Other non current and current assets	(2,006,913)	(5,367,199)
Trade payables	51,334,133	35,060,920
Other non current and current liabilities	69,962,694	7,484,697
Long-term and short-term provisions	126,682	698,246
Cash generated from operations	278,761,324	1,945,283
Income tax paid (net)	(5,901,043)	-
Net cash flow from operating activities (A)	272,860,281	1,945,283
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(517,910,130)	(1,933,465)
Amount invested in margin money deposits	(757,111)	-
Proceeds from sale of fixed assets	615,002	-
Net cash flow used in investing activities (B)	(518,052,239)	(1,933,465)
C. Cash flow from financing activities		
Proceeds from contribution of members	241,213,539	1,000,000
Proceeds from long-term borrowings	5,963,949	-
Finance costs	(2,610,141)	(7,099)
Net cash flow from financing activities (C)	244,567,347	992,901
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(624,611)	1,004,719
Cash and cash equivalents at the beginning of the year	1,004,719	-
Cash and cash equivalents at the end of the year (refer note 17)	380,108	1,004,719

Significant accounting policies 2

The accompanying notes are an integral part of these statements of account

As per our reports of even date attached

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

for and on behalf of
HCG Manavata Oncology LLP
LLPIN: AAH-1208

Amit Somani
Partner
Membership Number: 060154

Dinesh Madhavan
Designated Partner
DIN:7497791

Dr. Rajnish V Nagarkar
Partner
DIN:1850180

Place: Bengaluru
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1 Corporate information

The HCG Manavata Oncology LLP (the LLP) (Firm) is a Limited Liability Partnership registered under Limited Liability Partnership Act, 2008 and incorporated on 10 August 2016. HealthCare Global Enterprises Limited (HCG) and Rajnish Vasant Rao Nagarkar are partners in LLP having capital and profit sharing ratio of 51:49. The LLP is engaged in setting up and managing of cancer hospitals. The registered office of the LLP is situated at HCG Tower, No. 8 Sampangi Ram Nagar Bangalore - 560018.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of statements of account

The statements of account of the LLP have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and relevant provision of Limited Liability Partnership Act, 2008. The statements of accounts have been prepared on accrual basis under the historical cost convention.

2.2 Use of estimates

The preparation of the statements of account 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 statements of account 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 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 LLP'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 LLP'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 LLP 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 LLP and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the LLP has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.4 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 weighted average cost basis.

2.5 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 acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 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 LLP are segregated based on the available information.

2.7 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.

2.8 Other income

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

2.9 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 LLP 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
Lab equipment	10 years
Office equipments	05 years
Furniture and fixtures	10 years
Data processing equipments	3-6 years
Electrical installation	10 years
Vehicles	8 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

2.10 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the LLP 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.

2.11 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 LLP'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 LLP records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement.

2.12 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.

2.13 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 LLP 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 LLP.

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 LLP 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.

The carrying values of assets / cash generating units at each Statement of assets and liabilities date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of income and expenditure.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of income and expenditure, to the extent the amount was previously charged to the Statement of income and expenditure.

2.14 Provisions and contingencies

A provision is recognised when the LLP 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 statements of account.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the LLP 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 LLP recognises any impairment loss on the assets associated with that contract.

2.15 Leases

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

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

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

2.16 Impairment

The LLP 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 LLP 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.

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(All amounts in Indian rupees, except share data and unless otherwise specified)

3 Share capital

Particulars	As at 31 March 2018	As at 31 March 2017
Capital account		
Fixed capital contribution		
HealthCare Global Enterprises Limited	510,000	510,000
Dr. Rajnish Vasantrya Nagarkar	490,000	490,000
	1,000,000	1,000,000
Variable capital contribution*		
HealthCare Global Enterprises Limited		
Balance at the beginning of the year	227,240,870	227,240,870
Add: Additional contribution	225,730,816	-
Balance at the end of the year	452,971,686	227,240,870
Dr. Rajnish Vasantrya Nagarkar		
Balance at the beginning of the year	8,696,975	8,696,975
Add: Additional contribution	15,482,723	-
Balance at the end of the year	24,179,698	8,696,975
	478,151,384	236,937,845

*The initial capital contribution and variable capital contribution is made by each partner as per the arrangement mentioned in the LLP agreement between the partners. With respect to additional capital contribution made by HealthCare Global Enterprises Limited, such amount will be attributed and assumed to have been notionally contributed by Dr. Rajnish Vasantrya Nagarkar which will allow to maintain initial capital contribution ratio agreed by both the partners. However, this is due only in the event of liquidation or dissolution of the LLP.

4 Reserves and surplus

Particulars	As at 31 March 2018	As at 31 March 2017
Surplus (Statement of income and expenditure)		
At the commencement of the year	9,465,242	-
Add: Profit for the year	88,513,720	-
Amount available for appropriation	97,978,962	-
Share of profit appropriated to HealthCare Global Enterprises Limited	49,969,271	4,827,273
Share of profit appropriated to Dr. Rajnish Vasantrya Nagarkar	48,009,691	4,637,969
At the end of the year	97,978,962	9,465,242

5 Long-term borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
<i>Secured</i>		
(a) Term loans from banks - (refer note (i) below)	5,934,092	-
<i>Unsecured</i>		
(b) Deferred payment obligations -(refer note (i) below)	193,760,975	-
	199,695,067	-

Note (i)

Details of security, interest rate and terms of repayment for the long-term borrowi

Terms of repayment and security	As at 31 March 2018	As at 31 March 2017
Term loan from Bank - Secured		
Non-current portion	5,934,092	-
Amount included under current maturities of long term debt	29,857	-
Security: Exclusive charge on all assets (Equipments) purchased through bank finance. Exclusive charge on all the movable fixed assets and current assets (both present and future), including any refundable lease/rental deposits placed with lessor. Corporate guarantee and Debt Shortfall Undertaking of Healthcare Global Enterprises Limited and Dr. Rajnish Vasantrya Nagarkar on the entire loan amount.		
Repayable in quarterly installments over a period of 10 years from the date of borrowing. Interest rate is 0.85% + 6 months MCLR reset every half-yearly.		
Deferred payment obligations - Unsecured		
Non-current portion	193,760,975	-
Amounts included under Current maturities of deferred payment obligation	26,017,640	-
- Rate of interest varies between 0.75% to 7% p.a		
- Repayment in installments over a period of 1 to 6 years		
Non-current portion	199,695,067	-
Current portion	26,047,497	-
	225,742,564	-

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(All amounts in Indian rupees, except share data and unless otherwise specified)

6 Deferred tax liabilities, net		
Particulars	As at	As at
	31 March 2018	31 March 2017
Tax effect of items constituting deferred tax liability:		
- Depreciation on fixed asset	27,415,000	4,654,000
Deferred tax liabilities	<u>27,415,000</u>	<u>4,654,000</u>
Tax effect of items constituting deferred tax assets:		
- Provision for doubtful debts/ advances	1,064,000	2,671,000
- Others	996,000	635,000
Deferred tax assets	<u>2,060,000</u>	<u>3,306,000</u>
Deferred tax liabilities, net	<u>25,355,000</u>	<u>1,348,000</u>
7 Other long-term liabilities		
Particulars	As at	As at
	31 March 2018	31 March 2017
Rent equalisation reserve	62,342,982	-
	<u>62,342,982</u>	<u>-</u>
8 Long-term provisions		
Particulars	As at	As at
	31 March 2018	31 March 2017
Provision for gratuity (refer note 30)	587,228	53,166
	<u>587,228</u>	<u>53,166</u>
9 Trade payables		
Particulars	As at	As at
	31 March 2018	31 March 2017
Total outstanding dues of micro and small enterprises (refer note 28)	-	-
Total outstanding dues of creditors other than micro and small enterprises (also refer note 32)	87,142,406	35,808,273
	<u>87,142,406</u>	<u>35,808,273</u>
10 Other current liabilities		
Particulars	As at	As at
	31 March 2018	31 March 2017
Current maturities of deferred payment obligation (refer note 5(i))	26,017,640	-
Current maturities of long-term debt (refer note 5(i))	29,857	-
Book overdraft	670,507	-
Creditors for capital goods	70,040,567	35,532,892
Advance from customer	7,766,270	5,566,096
Provision for taxation (net of advance tax)	20,089,485	3,025,750
Statutory dues	3,025,921	494,182
Accrued salary benefits	2,841,192	623,900
	<u>130,481,439</u>	<u>45,242,820</u>
11 Short-term provisions		
Particulars	As at	As at
	31 March 2018	31 March 2017
Provision for gratuity (refer note 30)	2,000	20,660
Provision for compensated absences (refer note 30)	288,866	677,586
	<u>290,866</u>	<u>698,246</u>

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(All amounts in Indian rupees, except share data and unless otherwise specified)

13	Long-term loans and advances		
	Particulars	As at 31 March 2018	As at 31 March 2017
	<i>Unsecured, considered good</i>		
	Capital advances	6,819,129	68,285,623
	Prepaid expenses	3,348,712	1,184,941
	Security deposits	100,000	-
		10,267,841	69,470,564
14	Other non-current assets		
	Particulars	As at 31 March 2018	As at 31 March 2017
	Bank balance in margin money	757,111	-
	Interest accrued on deposits	24,583	-
		781,694	-
15	Inventories (At lower of cost and net realisable value)		
	Particulars	As at 31 March 2018	As at 31 March 2017
	Medical and non-medical items	6,154,663	4,987,930
		6,154,663	4,987,930
16	Trade receivables (unsecured)*		
	Particulars	As at 31 March 2018	As at 31 March 2017
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	- Considered good	1,747,394	273,150
	- Considered doubtful	1,141,429	400,940
		2,888,823	674,090
	Less: Provision for bad and doubtful trade receivables	(1,141,429)	(400,940)
		1,747,394	273,150
	Other trade receivables		
	- Considered good	37,995,031	23,617,018
	- Doubtful	1,933,675	7,678,115
		39,928,706	31,295,133
	Less: Provision for doubtful trade receivables	(1,933,675)	(7,678,115)
		37,995,031	23,617,018
		39,742,425	23,890,168
	*Refer note 32 for related party balances		
17	Cash and bank balances		
	Particulars	As at 31 March 2018	As at 31 March 2017
	a) Cash and cash equivalents		
	Cash on hand	380,108	4,719
	Balances with banks:		
	-On current accounts	-	1,000,000
		380,108	1,004,719
18	Short-term loans and advances		
	Particulars	As at 31 March 2018	As at 31 March 2017
	<i>Unsecured, considered good</i>		
	Loans to employees	175,420	153,368
	Advance to vendors	-	20,201,729
	Prepaid expenses	1,008,285	-
		1,183,705	20,355,097
19	Other current assets		
	Particulars	As at 31 March 2018	As at 31 March 2017
	Unbilled revenue	7,374,112	5,367,199
		7,374,112	5,367,199

HCG Manavata Oncology LLP

Notes to statement of accounts (continued)

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

12 Fixed assets

Particulars	Gross block					Accumulated depreciation and impairment					Net block
	As at 1 April 2017	Additions	Disposals	Effect of foreign currency exchange differences	As at 31 March 2018	As at 1 April 2017	Depreciation for the year	Eliminated on disposal of assets	As at 31 March 2018	As at 31 March 2018	
<i>Property, plant and equipment - Owned assets</i>											
Plant and equipment	140,638,800	245,633,827	430,838	29,277	385,871,066	56,736,420	19,279,108	27,867	75,987,661	309,883,405	
Lab equipment	927,705	787,957	-	-	1,715,662	7,879	103,784	-	111,663	1,603,999	
Data processing equipment	1,437,455	530,970	10,640	-	1,957,785	772,924	317,898	1,327	1,089,495	868,290	
Electrical installation	58,290	13,801,301	-	-	13,859,591	495	508,149	-	508,644	13,350,947	
Furniture and fixtures	9,116,870	132,382	-	-	9,249,252	773,024	866,878	-	1,639,902	7,609,350	
Vehicles	278,838	134,542	-	-	413,380	277,916	5,976	-	283,892	129,488	
Office equipment	3,185,408	441,524	-	-	3,626,932	952,212	514,413	-	1,466,625	2,160,307	
Total	155,643,366	261,462,503	441,478	29,277	416,693,668	59,520,870	21,596,206	29,194	81,087,882	335,605,786	

Intangible assets

Particulars	Gross block					Accumulated amortization and impairment					Net block
	As at 1 April 2017	Additions	Disposals	Effect of foreign currency exchange differences	As at 31 March 2018	As at 1 April 2017	Amortization for the year	Eliminated on disposal of assets	As at 31 March 2018	As at 31 March 2018	
Computer software	104,935	-	-	-	104,935	1,485	20,987	-	22,472	82,463	
Total	104,935	-	-	-	104,935	1,485	20,987	-	22,472	82,463	

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

HCG Manavata Oncology LLP**Notes to statement of accounts (continued)**

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

20 Revenue from operations

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Income from medical services	358,242,426	34,634,010
Sale of medical and non-medical items	133,369,250	158,602
	491,611,676	34,792,612

21 Other income

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Interest income on bank deposits	24,823	-
Profit on sale of fixed assets	202,718	-
	227,541	-

22 Purchases of medical and non-medical items

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Purchases of pharmacy items	82,094,844	6,514,842
Consumables	21,340,607	1,411,646
	103,435,451	7,926,488

23 Changes in inventories

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Inventories at the end of the year	6,154,663	4,987,930
Inventories at the beginning of the year	4,987,930	4,860,583
Net (increase) / decrease	(1,166,733)	(127,347)

24 Employee benefits expense

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Salaries and wages	52,274,469	3,300,090
Contributions to provident and other funds (refer note 30)*	3,688,760	34,896
Staff welfare expenses	2,237,784	-
	58,201,013	3,334,986

*The LLP has recognised an amount of Rs. 3,132,513 (previous year: Rs. 34,896) as expenses under the defined contribution plan in the statement of income and expenditure for the year.

25 Finance cost

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Bank charges	1,844,980	7,099
Interest expense on borrowings	682,113	-
Loan processing charges	83,048	-
	2,610,141	7,099

HCG Manavata Oncology LLP**Notes to statement of accounts (continued)****(All amounts in Indian rupees, except share data and unless otherwise specified)****26 Other expenses**

Particulars	For the year ended 31 March 2018	For the period ended 31 March 2017
Medical consultancy charges	78,558,899	2,918,596
Lab charges	2,836,683	340,855
Power, fuel and water charges	12,620,199	392,230
House keeping expenses	7,301,734	215,477
Rent (refer note 33)	29,116,745	1,236,244
Repairs and maintenance:		
- Building	1,534,842	21,606
- Machinery	9,068,098	302,941
- Others	2,081,274	71,448
Insurance	334,696	42,678
Rates and taxes, excluding taxes on income	3,984,412	38,532
Printing and stationery	1,863,282	127,976
Communication	1,530,461	72,903
Business promotion expenses	9,735,639	528,649
Travelling and conveyance	2,759,403	174,045
Legal and professional charges	2,857,864	1,945,033
Payments to auditors		
- As statutory auditors (refer note below)	592,700	28,000
- Other expenses	15,000	750
Net loss on foreign currency transactions and translation	73,329	-
Miscellaneous expenses	4,820,588	713,767
	171,685,848	9,171,730
Payment to auditors		
- Statutory Audit fees	500,000	24,920
- Out of pocket expenses	15,000	750
- Indirect taxes	92,700	3,080
	607,700	28,750

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(All amounts in Indian rupees, except share data and unless otherwise specified)

27 Contingent Liabilities and commitments

(i) Contingent Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Bills discounted	128,975,915	-
Letter of credit	73,321,875	-
<i>Guarantees :</i>		
(a) Bank Guarantees	50,729,797	-

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to Rs. 3,075,000 (previous year: Nil)

28 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 2018 has been made in the statement of accounts based on information received and available with the LLP. 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 LLP has not received any claim for interest from any supplier

Particulars	As at 31 March 2018	As at 31 March 2017
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	-	-

29 During the year the LLP 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 2018	As at 31 March 2017
Deferred payment liabilities	219,778,615	-

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(All amounts in Indian rupees, except share data and unless otherwise specified)

30 Employee benefit plans

Defined contribution plans

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

The LLP has recognized the following amounts in the Statement of Income and Expenditure towards its contributions to provident fund.

Particulars	As at	As at
	31 March 2018	31 March 2017
Contribution to provident fund	3,132,513	34,896

Defined benefit plans

The LLP offers the Gratuity benefits (included as part of "Contributions to provident and other funds" in Note 23 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	As at	As at
	31 March 2018	31 March 2017
Components of employer expense		
Current service cost	557,799	430,184
Interest cost	33,376	(35,848)
Expected return on plan assets	-	39,949
Actuarial losses / (gains)	(1,139,641)	(15,544)
Total expense/ (credit) recognised in the statement of income and expenditure	(548,466)	418,741
Actual contribution and benefits payments		
Actual benefit payments	(450,734)	-
Present value of defined benefit obligation	589,228	(40,845)
Net asset/(liability) recognised in balance sheet	589,228	(40,845)
Current	2,000	-
Non-current	587,228	(40,845)
Change in defined benefit obligations		
Present value of defined benefit obligation at the beginning of the period	(40,845)	(459,586)
Transfer in/out obligation	1,178,539	-
Current service cost	557,799	430,184
Interest cost	33,376	(35,848)
Expected return on plan assets	-	39,949
Actuarial (gains)/ losses	(1,139,641)	(15,544)
Present Value of DBO at the end of period	589,228	(40,845)
Actuarial assumptions		
Discount rate	7.70%	7.30%
Salary escalation	5.00%	5.00%
Attrition rate	3.00%	3.00%
Retirement age	58 years	58 years
Mortality	Indian Assured Lives (2006-08) Mod Ult	Indian Assured Lives (2006-08) Mod Ult

Note:

The discount rate is based on the prevailing market yields of Government of India securities as at the statement of assets and liabilities 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.

Amounts for the current and previous periods are as follows:	31 March 18	31 March 17
Gratuity		
Defined benefit obligation	589,228	1,588,428
Fair value of plan assets	-	(1,629,273)
(Surplus) / deficit in the plan	589,228	(40,845)
Experience adjustments arising on plan liabilities	1,139,545	113,231

- (ii) Compensated absence: Expenses recognised in the statement of income and expenditure in respect of compensated absences amounts to Rs. 14,935 (Previous year Rs nil). This employee benefit is not funded. Actuarial assumptions considered for valuation of compensated absence and gratuity are the same.

31 Segment information

The LLP's operations comprises of only one segment viz., rendering oncology medical services. The LLP's operations are in India and therefore there are no secondary geographical segments.

HCG Manavata Oncology LLP
Notes to statement of accounts (continued)
(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
Designated Partner	HealthCare Global Enterprises Limited Rajnish Vasanttrao Nagarkar

b. Details of related party transactions:

Particulars	As at	As at
	31 March 2018	31 March 2017
Contributions received during the year		
HealthCare Global Enterprises Limited	225,730,816	227,750,870
Rajnish Vasanttrao Nagarkar	15,482,723	9,186,975
Medical consultancy charges		
Rajnish Vasanttrao Nagarkar	37,310,348	1,837,333
Purchases of medical and non-medical items		
HealthCare Global Enterprises Limited	5,200,922	244,182
Rent charges		
Rajnish Vasanttrao Nagarkar	16,400,788	1,221,244

c. Details of related party balances outstanding:

Particulars	As at	As at
	31 March 2018	31 March 2017
Partner's Capital account		
HealthCare Global Enterprises Limited	453,481,686	227,750,870
Rajnish Vasanttrao Nagarkar	24,669,698	9,186,975
Trade receivables		
HealthCare Global Enterprises Limited	3,774,380	-
Trade payables		
HealthCare Global Enterprises Limited	36,234,781	-
Rajnish Vasanttrao Nagarkar	-	3,058,577

33 Details of leasing arrangements

The LLP has entered into operating lease arrangements for hospital building. The lease is non-cancellable for a period of 9 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.

- (i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	As at	As at
	31 March 2018	31 March 2017
Upto one year	60,589,130	45,843,850
More than one year and upto five years	304,256,347	285,712,491
More than five years	1,653,314,703	1,732,447,688

- (ii) Amounts recognised in the statement of income and expenditure

Particulars	As at	As at
	31 March 2018	31 March 2017
Lease expenses recognised in the statement of income and expenditure with respect to above mentioned operating lease arrangement.	29,116,745	1,236,244

- 34 The statements of account and other financial information for the comparative ended 31 March 2017 were audited by a firm other than B S R & Co. LLP, Chartered Accountants.

35 Value of imports calculated on CIF basis

Particulars	As at	As at
	31 March 2018	31 March 2017
Capital goods	246,625,288	-
Consumables	501,547	-
	247,126,835	-

As per our reports of even date attached

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

for and on behalf of
HCG Manavata Oncology LLP
LLPIN: AAH-1208

Amit Somani
Partner
Membership Number: 060154

Dinesh Madhavan
Designated Partner
DIN:7497791

Dr. Rajnish V Nagarkar
Partner
DIN:1850180

Place: Bengaluru
Date: 8 August 2018

Place: Bengaluru
Date: 8 August 2018

Place: Bengaluru
Date: 8 August 2018