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

Report on the Financial Statements

We have audited the accompanying financial statements of **HCG SUN HOSPITALS LLP** ('LLP'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and Cashflow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The LLP's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance 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, as applicable to the LLP. This responsibility also includes 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the LLP as at 31 March 2018;

(b) in the case of the Statement of Profit and Loss, of the loss of the LLP for the year ended on that date; and

(c) in the case of the Cashflow Statement, of the cashflow of the LLP for the year ended on that date

Report on Other Requirements

We report that:

(a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the LLP so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss and the Cashflow Statement dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable to the LLP.

For Alpesh Kothari & Associates
Chartered Accountants
(FRN No. 141864W)

Alpesh Kothari
Proprietor
(Membership No.133584)

Ahmedabad, 18th May 2018

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

We have examined the attached Proforma IND AS Balance Sheet of **HCG SUN HOSPITALS LLP** ('LLP') a subsidiary of the HealthCare Global Enterprises Limited (the "Holding Company") as at 31 March 2018 and related Proforma IND AS Statement of Profit and Loss for the year then ended, annexure thereto, together referred to as the 'Financial Statements'.

These Financial Statements has been prepared by the management of the Holding Company under Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable, to the Holding Company.

Based on the above examination and according to the additional information and explanations furnished to us, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our examination of the Financial Statements.

(b) These Financial Statements mainly set out the information required in Schedule III of the Companies Act, 2013 for the purpose of consolidation with the Holding Company's financial statements.

(c) In our opinion, necessary adjustments have been made by the management of the Holding Company to ensure that the Financial Statements:

- **(i)** have been prepared in accordance with the IND AS and as per the significant accounting policy followed by the Holding Company; and

- **(ii)** are fit for consolidation with the Holding Company

For Alpesh Kothari & Associates
Chartered Accountants
(FRN No. 141864W)

Alpesh Kothari
Proprietor
(Membership No.133584)

Ahmedabad, 18th May 2018

HCG SUN Hospitals LLP

Balance Sheet as at	Note No	Rs. in Million 31-Mar-18
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	4	-
(b) Capital work-in-progress	4	2.20
(e) Financial Assets		
(i) Other financial assets	5	6.84
(f) Deferred tax assets (Net)	11.2	0.28
(g) Income tax assets (net)		-
(h) Other non-current assets	6	40.18
Total Non - Current Assets		**49.50**
Current assets		
(a) Inventories		-
(b) Financial assets		
(i) Trade receivables		-
(ii) Cash and cash equivalents		-
(iii) Loans		-
(iv) Other financial assets		-
(d) Other current assets	6	0.89
Total current assets		**0.89**
Total assets		**50.39**
CAPITAL AND LIABILITIES		
Partners Capital		
(a) Partners Capital Account	7(a)	51.24
(b) Partners Current Account	7(b)	(0.89)
Total Capital		**50.36**
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings		-
(b) Provisions		-
(d) Other non-current liabilities		-
Total Non - Current Liabilities		**-**
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings		-
(ii) Trade payables	8	0.04
(iii) Other financial liabilities		-
(b) Provisions		-
(d) Other current liabilities		-
Total Current Liabilities		0.04
Total Liabilities		0.04
Total Equity and Liabilities		**50.39**

See accompanying notes to the financial statements

In terms of our report attached.
For Alpesh Kothari & Associates
Chartered Accountants
FRN - 141864W, Membership No. - 133584

CA Alpesh Kothari
Proprietor

Place: Ahmedabad
Date: May 18, 2018

For HCG SUN Hospitals LLP

Dr. Bharat Gadhavi
Designated Partner

Dr. Sudhir Bhimani
Designated Partner

Place: Ahmedabad
Date: May 18, 2018

HCG SUN Hospitals LLP

Consolidated Statement of Profit and Loss for the years ended		Note No.	Rs. in Million 31-Mar-18
I	Revenue from Operations		-
II	Other Income		-
III	**Total Income (I+II)**		**-**
IV	**Expenses**		
	Cost of materials consumed		
	Purchases of Stock-in-trade		-
	Changes in inventory of stock-in-trade		-
	Employee benefit expense	9	0.32
	Finance costs		-
	Depreciation and amortisation expense		-
	Other expenses	10	0.85
	Total expenses (IV)		1.17
V	**Profit/(loss) before tax (III-IV)**		**(1.17)**
VI	**Tax expense**		
	Deferred tax	11.1	(0.28)
			(0.28)
VII	**Profit/(loss) for the year (V-VI)**		**(0.89)**
VIII	**Other Comprehensive Income**		
A	(i) Items that will not be reclassified to profit or loss		
	(a) Remeasurements of the defined benefit liabilities / (asset)		-
	(b) Income tax on the above		-
			-
IX	**Total comprehensive income / (losses) for the year (VII+VIII)**		**(0.89)**

See accompanying notes to the financial statements

In terms of our report attached.
For Alpesh Kothari & Associates
Chartered Accountants
FRN - 141864W, Membership No. - 133584

For HCG SUN Hospitals LLP

CA Alpesh Kothari
Proprietor

Place: Ahmedabad
Date: May 18, 2018

Dr. Bharat Gadhavi
Designated Partner

Dr. Sudhir Bhimani
Designated Partner

Place: Ahmedabad
Date: May 18, 2018

HCG SUN Hospitals LLP

Rs. in Million

Cash Flow Statement for the years ended	**Note No**	**31-Mar-18**
Cash flows from operating activities		
Profit before tax for the year		(1.17)
Adjustments for:		
Finance costs recognised in profit or loss		0.00
Investment income recognised in profit or loss		-
Depreciation and amortisation of non-current assets		-
Movements in working capital:		
Increase in trade and other receivables		-
(Increase)/decrease in inventories		-
(Increase)/decrease in other assets		(22.56)
Decrease in trade and other payables		0.04
Increase/(decrease) in provisions		-
(Decrease)/increase in other liabilities		-
Cash generated from operations		(23.70)
Income taxes paid		-
Net cash generated by operating activities		(23.70)
Cash flows from investing activities		
Interest received		-
Payments for property, plant and equipment		(27.54)
Margin money deposits placed		-
Net cash (used in)/generated by investing activities		(27.54)
Cash flows from financing activities		
Proceeds from Contribution of Partners' Capital		51.24
Proceeds from borrowings		-
Interest paid		-
Net cash used in financing activities		51.24
Net increase in cash and cash equivalents		0.00
Cash and cash equivalents at the beginning of the year		(0.00)
Effects of exchange rate changes on the balance of cash held in foreign currencies		-
Cash and cash equivalents at the end of the year		(0.00)

See accompanying notes to the financial statements

In terms of our report attached.

For Alpesh Kothari & Associates
Chartered Accountants
FRN - 141864W, Membership No. - 133584

For HCG SUN Hospitals LLP

CA Alpesh Kothari
Proprietor

Place: Ahmedabad
Date: May 18, 2018

Dr. Bharat Gadhavi
Designated Partner

Dr. Sudhir Bhimani
Designated Partner

Place: Ahmedabad
Date: May 18, 2018

1 General Information

HCG Sun Hospitals LLP ("the Firm" or "LLP") is a hospital offering specialized services in cancer 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. The Firm was incorporated on 22nd September 2017. However, as the Firm commenced its operations during the previous year, the financial statements for the year ended March 31, 2018 are the first financial statements of the Firm.

The financial statements for the year ended March 31, 2018 were approved by the Partners and authorised for issue on May 18, 2018.

2 Significant accounting policies

2.1 *Statement of compliance*

These financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) prescribed by the Institute of Chartered Accountants of India (ICAI), as applicable. For the year ended March 31, 2018, the Firm prepared its financial statements in accordance with the then applicable Accounting Standards prescribed by the ICAI (‘previous GAAP’).

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Use of estimates and judgement

2.3.1 In the application of the accounting policies, the management of the LLP are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Revenue Recognition

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured and corporate patients are subject to approvals from the insurance companies and corporates. Accordingly, the Firm estimates the amounts likely to be disallowed by such companies based on past trends.

Estimations based on past trends are also required in determining the value of consideration from customers to be allocated to award credits for customers.

b) Useful lives of property, plant and equipment

The Firm reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

c) Deferred tax assets

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

d) Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

e) Provisions and contingent liabilities

A provision is recognised when the firm has a present obligation as a result of past event 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 and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance sheet date. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised or disclosed in the financial statements.

2.4 Revenue recognition

2.4.1 Rendering of services

Healthcare 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 and 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.

The service revenues are presented net of related doctor fees and diagnostic charges in cases where the Firm is not the primary obligator and does not have the pricing latitude.

Other Services

Income from Clinical Trials on behalf of Pharmaceutical Companies is recognized on completion of the service, based on the terms and conditions specified to each contract.

Other services fee is recognized on basis of the services rendered and as per the terms of the agreement.

2.4.2 Sale of Goods

Pharmacy Sales are recognised when the significant risks and rewards of ownership is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for rebates and loyalty points granted upon purchase and are stated net of returns and discounts wherever applicable.

2.4.3 Interest income

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

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Lease

Assets held under finance leases are initially capitalised as assets of the Firm at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating Lease

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.6 Foreign currency translation

The functional currency of the Firm is the Indian Rupee.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

• exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

• exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Firm for the period immediately before the beginning of the first Ind AS financial reporting period (prior to April 1, 2016), as per the previous GAAP, pursuant to the Firm's choice of availing the exemption as permitted by Ind AS 101.

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

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

2.7 Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

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.

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

2.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Firm will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Firm with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.9 Employee benefits

2.9.1 Retirement benefit costs and termination benefits

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

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

2.9.2 Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

2.9.3 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.10 Taxation

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

2.10.1 Current tax

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

2.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects

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

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

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

2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost of Property, plant and equipment which are qualifying assets includes, borrowing costs capitalised in accordance with the Firm's accounting policy.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:

Buildings (Freehold)	60 years
Buildings (Leasehold) and other leasehold improvements	Lease term or useful life whichever is lower
Plant and Medical Equipment	10-15 years
Data processing equipment	3-6 years
Laboratory equipment	10 years
Electrical installations	20 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

2.12 Intangible assets

2.12.1 Intangible assets acquired separately

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

2.12.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software and data processing software	6 years

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value on the Moving Weighted Average 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 for OP Pharmacy only wherever applicable applying Weighted Average method.

Imported inventories are accounted for at the applicable exchange rates prevailing on the date of transaction.

2.14 Provisions

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

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

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Firm becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Cash and cash equivalents

The Firm considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method

2.16 Impairment

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

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

(ii) Non-financial assets

(a) Property, Plant and equipment and Intangible assets

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to it's recoverable amount. An impairment loss is recognised in the statement of profit and loss.

2.17 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3 Explanation of transition to Ind AS

The Firm has prepared the financial statements of the previous year ended March 31, 2018 under Ind AS by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain mandatory exceptions under Ind AS 101 and certain optional exemptions permitted under Ind AS 101 availed by the Firm as detailed below.

Exchange difference on long-term foreign currency monetary items:

The Firm has elected to continue its accounting policy as per the previous GAAP in respect of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

As per the previous GAAP, the exchange differences arising on settlement / restatement of long-term foreign currency monetary items relating to acquisition of depreciable fixed assets are capitalised as part of the fixed assets and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the equity as “Foreign currency monetary item translation difference account” net of the tax effect thereon, where applicable.

HCG SUN Hospitals LLP
Notes to the Financial Statements
(Amounts in Rs. Million unless otherwise stated)

4 **Property, plant and equipment and capital work-in-progress**	**As at 31-Mar-18**
Carrying amounts of:	
Leasehold Improvements	-
Plant and equipment - Freehold	-
Medical & Lab equipment	-
Office Equipment	-
Furniture and Fixtures	-
Data processing equipment	-
Electrical installation	-
Vehicles	-
Total	**-**
Capital work-in-progress	**2.20**
	2.20

HCG SUN Hospitals LLP
Notes to the Financial Statements

(Amounts in Rs. Million unless otherwise stated)

5 Other Financial Assets

	31-Mar-18	
	Non Current	**Current**
Security deposits	6.84	-
Unbilled revenue		-
Term Deposits more than 12 Months maturity	-	-
Interest accrued on deposits	-	
	6.84	**-**
	-	

6 Other Assets

	31-Mar-18	
	Non Current	**Current**
Unsecured, considered good		
Capital Advances	25.35	
Prepaid expenses	14.83	0.89
Advances to vendors	-	-
	40.18	0.89

HCG SUN Hospitals LLP
Notes to the Financial Statements

(Amounts in Rs. Million unless otherwise stated)

7 Partners' Capital

7(a) a. Partner's Capital Account

Fixed Capital Account	As at 31 March 2018
Fixed Capital Contribution - HealthCare Global Enterprises Limited (HCG)	0.74
Fixed Capital Contribution - Shiv-Sun	0.26
Variable Capital Contribution - HCG (Refer note (i) below)	40.50
Variable Capital Contribution - Shiv-Sun (Refer note (i) below)	9.74
	51.24

Note (i)	HCG	Shiv-Sun
- Variable Capital Contribution	40.50	9.74
Balance at March 31, 2018	40.50	9.74

7(b) b. Partner's Current Capital Account

Name of the Partner	HCG	Shiv-Sun	Total
Percentage of Profit	**74.00%**	**26.00%**	**100.00%**
Share of Profit/(loss) for the Year	(0.66)	(0.23)	(0.89)
Balance at March 31, 2018	**(0.66)**	**(0.23)**	**(0.89)**

8 Trade Payables

	As at 31-Mar-18
Trade payables	0.04
Total	0.04

There are no micro and small enterprises to whom the LLP owes dues which are outstanding as at the balance sheet date. The information regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the LLP.

(Amounts in Rs. Million unless otherwise stated)

9 Employee benefits expense

	Year ended March 31, 2018
Salaries and wages	0.32
Contribution to provident and other funds (Refer note 28.1)	-
Gratuity expenses (Refer note 28.2)	-
Staff welfare expenses	0.00
	0.32

10 Other expenses

	Year ended March 31, 2018
Medical consultancy charges	0.09
Power and fuel	0.00
House Keeping & Security Expenses	0.01
Rent (Refer note 27.1)	0.00
Repairs and Maintenance	
- Buildings	0.00
- Machinery	0.00
Repairs to Vehicles	
- Others	0.00
Insurance	0.00
Rates and Taxes	0.00
Printing & Stationery	0.00
Telephone Expenses	0.00
Advertisement, Publicity & Marketing	0.54
Travelling & Conveyance	0.02
Legal & Professional Fees	0.14
Lab Charges	0.00
Audit Fee (Refer note 24.1)	0.04
Miscellaneous expenses	0.02
	0.85

10.1 Payments to auditors

a) For audit	0.04
b) For taxation matters	-
	0.04

11 Income tax expense

11.1 Income tax recognised in the Statement of profit and loss

Current income tax:	
In respect of the current year	-
Deferred tax	-
In respect of the current year	(0.28)
Total income tax expense recognised in the Statement of profit and loss	(0.28)

The reconciliation between the income tax expense of the Group and amounts computed by applying the Indian statutory income tax rate to profit before

Profit before tax for the year	(1.17)
Enacted income tax rate in India	30.90%
Computed expected tax expense	(0.36)
Effect of:	
Prior period reversal	
Effect of expenses that are not deductable in determining taxable profit	
	(0.36)

11.2 Deferred tax balances

	As at 31-Mar-18
Deferred Tax Assets	0.28
Total	**0.28**

(Amounts in Rs. Million unless otherwise stated)

12 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018, March 31, 2017 & March 31, 2016 is as follows:

Particulars	Carrying value as at			Fair value as at		
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-18	31-Mar-17	31-Mar-16
Financial assets						
Amortised cost						
Loans	-	-	-	-	-	-
Trade receivable	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Other assets	6.84	-	-	6.84	-	-
Total assets	**6.84**	**-**	**-**	**6.84**	**-**	**-**
Financial liabilities						
Amortised cost						
Loans and borrowings	-	-	-	-	-	-
Trade payables	0.04	-	-	0.04	-	-
Other financial liabilities	-	-	-	-	-	-
Total liabilities	**0.04**	**-**	**-**	**0.04**	**-**	**-**

The management assessed that fair value of cash and cash equivalents, trade receivables, unbilled revenue, loans and trade payables, approximate their carrying amounts largely due to the short-term maturities of these instruments. Difference between carrying amounts and fair values of bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.