

Independent Auditor's Report

To Designated Partners of HCG Manavata Oncology LLP

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCG Manavata Oncology LLP (“the LLP”) which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as “the financial statements”).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the LLP as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (“ICAI”) and in conformity with the accounting principles generally accepted in India.

Basis for Opinion

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

Responsibilities of Designated Partners for the Financial Statements

The Designated Partners of LLP are responsible for the preparation of the financial statements 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 ICAI. This responsibility includes the design, implementation and maintenance of internal control 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.

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

The Designated Partners are responsible for overseeing the LLPs financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinion on the effectiveness of the LLP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Designated Partners.
- Conclude on the appropriateness of the Designated Partners use of the going concern basis of accounting in preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LLP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LLP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

B S R & Co. LLP

We communicate with Designated Partners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Place: Bengaluru
Date: 8 August 2024

-Sd/-
Vikash Gupta
Partner
Membership No. 064597
UDIN: 24064597BKDHQR2796

HCG Manavata Oncology LLP
Balance Sheet as at 31 March 2024

		Amount in Rs.	
	Note No.	As at 31 March 2024	As at 31 March 2023
PARTNERS' FUNDS AND LIABILITIES			
Partners' funds			
Partners' capital account	3	657,033,098	657,033,098
Reserves and surplus	4	(236,367,392)	(158,495,625)
		420,665,706	498,537,473
Non-current liabilities			
Long-term borrowings	5	272,147,219	334,815,446
Deferred tax liabilities, net	6	27,183,184	62,702,000
Other long-term liabilities	7	180,076,188	167,004,965
Long-term provisions	8	8,704,311	7,533,630
		488,110,902	572,056,041
Current liabilities			
Short-term borrowings	9	62,668,227	56,127,823
Trade payables	10	147,244,094	125,981,086
Other current liabilities	11	33,429,867	19,430,193
Short-term provisions	12	160,750,602	148,436,008
		404,092,790	349,975,110
Total		1,312,869,398	1,420,568,624
ASSETS			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
-Property, Plant and Equipment	13.1	987,679,734	1,096,321,268
-Intangible assets	13.2	475,754	688,530
Long-term loans and advances	14	40,590,039	33,554,135
Other non-current assets	15	21,068,354	18,727,832
		1,049,813,881	1,149,291,765
Current assets			
Inventories	16	12,910,461	12,291,543
Trade receivables	17	113,537,092	121,129,984
Cash and bank balances	18	126,763,993	129,695,441
Short-term loans and advances	19	5,841,978	5,891,005
Other current assets	20	4,001,993	2,268,886
		263,055,516	271,276,859
Total		1,312,869,398	1,420,568,624

Significant accounting policies

2

The accompanying notes are an integral part of these Financial Statements

As per our reports of even date attached

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

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

Sd/-
Vikash Gupta
Partner
Membership number: 064597

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

Sd/-
Dr. Raj Vasant Rao Nagarkar
Partner
DPIN : 01850180

Place: Bengaluru
Date : 08 August 2024

Place: Bengaluru
Date : 08 August 2024

Place: Nashik
Date : 08 August 2024

HCG Manavata Oncology LLP
Statement of Profit and Loss for the year ended 31 March 2024

	Note No.	For the year ended 31 March 2024	Amount in Rs. For the year ended 31 March 2023
Income			
Revenue from operations	21	1,044,123,777	997,768,670
Other income	22	8,253,848	9,522,324
Total income		1,052,377,625	1,007,290,994
Expenses			
Purchases of medical and non-medical items	23	211,409,392	202,235,131
Changes in inventories	24	(618,918)	(1,060,516)
Employee benefits expense	25	136,872,148	130,222,414
Finance costs	26	53,470,919	56,723,114
Depreciation and amortisation expense	27	123,525,041	125,091,087
Other expenses	28	495,935,556	425,616,705
Total expenses		1,020,594,138	938,827,935
Profit before partners' remuneration and tax		31,783,487	68,463,059
Partners' remuneration	28.1	123,350,000	131,356,180
Loss before tax		(91,566,513)	(62,893,121)
Tax expense			
-Current tax		21,824,070	14,537,800
-Deferred tax		(35,518,816)	(620,000)
Total tax expense		(13,694,746)	13,917,800
Loss after tax		(77,871,767)	(76,810,921)

Significant accounting policies

2

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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

Sd/-
Vikash Gupta
Partner
Membership number: 064597

Sd/-
Srinivasa V Raghavan
Designated Partner on behalf of
HealthCare Global Enterprises
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DPIN : 01803376

Sd/-
Dr. Raj Vasant Rao Nagarkar
Partner
DPIN : 01850180

Place: Bengaluru
Date : 08 August 2024

Place: Bengaluru
Date : 08 August 2024

Place: Nashik
Date : 08 August 2024

HCG Manavata Oncology LLP
Statement of Cash Flows for the year ended 31 March 2024

	Note No.	For the year ended 31 March 2024	Amount in Rs. For the year ended 31 March 2023
Cash flows from operating activities			
(Loss) before tax		(91,566,513)	(62,893,121)
Adjustments for:			
Interest income		(8,039,106)	(9,522,324)
Finance costs		53,470,919	56,723,114
Depreciation and amortisation expense		123,525,041	125,091,087
Provision for doubtful receivables		2,770,000	11,549,078
Loss on sale of plant and equipment		4,332,493	-
Rent equalisation		13,071,223	22,387,113
Operating profit before working capital changes		97,564,056	143,334,947
Movement in working capital:			
Changes in inventories		(618,918)	(1,060,516)
Changes in trade receivables		4,822,892	21,862,475
Changes in long- term and short-term loans and advances		786,119	(2,957,036)
Changes in other non current and current assets		(2,838,146)	(2,315,700)
Changes in trade payables		21,263,008	19,836,063
Changes in other non current and current liabilities		14,890,651	(25,460,003)
Changes in long-term and short-term provisions		1,591,858	3,008,686
Cash generated from operations		137,461,521	156,248,916
Income tax paid (net)		(25,062,768)	(7,588,800)
Net cash generated from operating activities (A)		112,398,753	148,660,116
Cash flow from investing activities			
Acquisition of plant and equipment		(25,614,791)	(26,283,308)
Proceeds from sale of plant and equipment		2,194,801	-
Amount invested in margin money/ term deposits		(103,629,418)	(108,524,242)
Proceeds from maturity of margin money/ term deposits		108,018,690	51,320,030
Interest received		6,322,415	7,248,009
Net cash (used in) investing activities (B)		(12,708,303)	(76,239,511)
Cash flow from financing activities			
Repayment of borrowings		(56,127,823)	(37,285,367)
Finance costs		(41,577,502)	(44,862,192)
Net cash (used in) financing activities (C)		(97,705,325)	(82,147,559)
Net increase /(decrease) in cash and cash equivalents (A+B+C)		1,985,124	(9,726,954)
Cash and cash equivalents at the beginning of the year		21,676,716	31,403,670
Cash and cash equivalents at the end of the year	18	23,661,840	21,676,716
		As at 31 March 2024	As at 31 March 2023
For the purpose of statement of cash flows, cash and cash equivalent comprises the followings:			
(a) Cash on hand		628,892	596,175
(b) Balance with banks:			
-In Current Accounts		23,032,948	13,080,541
-In Deposit Accounts		-	8,000,000
		23,661,840	21,676,716

Significant accounting policies 2
The accompanying notes are an integral part of these Financial Statements
As per our reports of even date attached

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

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

Sd/-
Vikash Gupta
Partner
Membership number: 064597

Sd/-
Srinivasa V Raghavan
Designated Partner on behalf
of HealthCare Global
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Dr. Raj Vasant Rao Nagarkar
Partner
DPIN : 01850180

Place: Bengaluru
Date : 08 August 2024

Place: Bengaluru
Date : 08 August 2024

Place: Nashik
Date : 08 August 2024

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024

1 Corporate information

HCG Manavata Oncology LLP ('the Firm' or 'LLP') is a Limited Liability Partnership registered under Limited Liability Partnership Act, 2008 and incorporated on 10 August 2016. HealthCare Global Enterprises Limited (HCG) and Dr. Raj 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 Bengaluru - 560018.

2 Summary of significant accounting policies

2.1 Basis of accounting and preparation of Financial Statements

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

2.2 Going concern basis

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

2.3 Use of estimates

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

2.4 Current and non-current classification

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

Assets

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

- a) It is expected to be realized in, or is intended for sale or consumption in, the 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 liabilities 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.

2.5 Inventories

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

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

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, are considered part of the cash management system.

2.7 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

2.8 Revenue recognition

Medical services

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

Sale of medical and non-medical items

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

Other operating income

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

2.9 Other income

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

2.10 Property, Plant and Equipment and Intangible assets

Property, Plant and Equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent 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 Property, Plant and Equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets as follows:

Asset category	Useful life as per the management
Plant and medical equipment	10, 13 and 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

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

2.10 Property, Plant and Equipment and Intangible assets (continued)

Useful lives are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of certain items of plant and equipment were revised in the year ended 31 March 2023. Refer note 13.1.

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

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

Intangible assets

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

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

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

2.11 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the 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 profit and loss in the period in which they arise.

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

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

2.12 Employee benefits

Defined contribution plan

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

Defined benefit plans

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

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and receive cash compensation at the end of the financial year. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Firm records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

Share-based payment transactions

Certain employees of the LLP have received stock options (Employee Stock Option Plan ESOP) of the holding company HealthCare Global Enterprises Limited. Accordingly, the Company is subject to cross charge of ESOP costs from HealthCare Global Enterprises Limited. The compensation cost relating to share-based payments are measured using the fair valuation method. Compensation expense is amortized over the vesting period of the option.

2.13 Borrowing costs

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

2.14 Taxes on income

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

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

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

2.15 Provisions and contingencies

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

Onerous contracts

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

2.16 Government grants

Government grants available to the Firm are recognised

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

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

2.17 Leases

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

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

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

2.18 Impairment

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

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

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

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

3 Partners' Capital Account	As at	As at
Particulars	31 March 2024	31 March 2023
Capital account		
Fixed capital contribution*		
HealthCare Global Enterprises Limited:		
Share of profit/(loss) (%)	51%	51%
Balance at the beginning of the year	550,481,686	550,481,686
Balance at the end of the year	<u>550,481,686</u>	<u>550,481,686</u>
Dr. Raj Vasant Rao Nagarkar:		
Share of profit/(loss) (%)	49%	49%
Balance at the beginning of the year	106,551,412	106,551,412
Balance at the end of the year	<u>106,551,412</u>	<u>106,551,412</u>
Total capital	<u><u>657,033,098</u></u>	<u><u>657,033,098</u></u>
<p>*The initial capital contribution is made by each partner as per the arrangement mentioned in the LLP agreement between the partners. With respect to capital contribution made by HealthCare Global Enterprises Limited, such amount will be attributed and assumed to have been notionally contributed by Dr. Raj Vasant Rao Nagarkar as per terms of LLP agreement 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. The notional contribution by Dr. Raj Vasant Rao amounts to Rs. 422,342,757 (31 March 2023: Rs 422,342,757), which will lead to capital adjustment between HCG and Dr. Nagarkar's capital account i.e. credit to Dr. Nagarkar by Rs 215,394,806 and debit to HCG by Rs. 215,394,806, such that capital account ratio is maintained in 51% : 49%.</p> <p>As per the LLP agreement, neither HealthCare Global Enterprises Limited nor Dr. Raj Vasant Rao Nagarkar shall transfer their interest in the LLP for a period of 20 years from the execution date of LLP agreement without the prior consent of the other partner.</p>		
4 Reserves and surplus		
Particulars	As at	As at
	31 March 2024	31 March 2023
Undistributed deficit (balance in statement of profit and loss)		
At the commencement of the year	(158,495,625)	(81,684,704)
Add: Loss for the year	(77,871,767)	(76,810,921)
Amount available for appropriation	(236,367,392)	(158,495,625)
Share of loss appropriated to HealthCare Global Enterprises Limited	(120,547,370)	(80,832,769)
Share of loss appropriated to Dr. Raj Vasant Rao Nagarkar	(115,820,022)	(77,662,856)
At the end of the year	<u><u>(236,367,392)</u></u>	<u><u>(158,495,625)</u></u>
<p>As per the LLP agreement entered into, HealthCare Global Enterprises Limited and Dr. Raj Vasant Rao Nagarkar will share the profit/ losses in the ratio of 51%: 49% respectively.</p>		
5 Long-term borrowings		
Particulars	As at	As at
	31 March 2024	31 March 2023
<i>Secured</i>		
(a) Term loans from banks - (refer note 5.1.1 below)	235,708,975	279,832,275
<i>Unsecured</i>		
(c) Finance lease obligations -(refer note 5.1.3 below)	36,438,244	54,983,171
	<u><u>272,147,219</u></u>	<u><u>334,815,446</u></u>
Note:		
5.1 Details of security, interest rate and terms of repayment for the long-term borrowings:		
Terms of repayment and security	As at	As at
	31 March 2024	31 March 2023
5.1.1 Term loan from Bank - Secured		
a) Non-current portion	235,708,975	279,832,275
b) Amount included under current maturities of long term borrowings	44,123,300	33,191,945
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. Raj Vasant Rao Nagarkar on the entire loan amount. Repayable in quarterly installments over a period of 10 years from the date of borrowing. Interest rate is Repo-rate + 3.25%.		
5.1.2 Finance lease obligations - Secured		
a) Non-current portion	-	-
b) Amount included under current maturities of finance lease obligations	-	1,203,781
Security: Hypothecation of equipment purchased under loan. Rate of interest is 12.50% p.a Monthly lease rental payable of Rs 208,015 for 60 months from the date of drawdown starting from 24 October 2018 to 24 September 2023.		
5.1.3 Finance lease obligations - Unsecured		
a) Non-current portion	36,438,244	54,983,171
b) Amount included under current maturities of finance lease obligations	18,544,927	21,732,097
Rate of interest is 11% p.a Monthly lease rental as per the schedule from September 2019 to August 2027.		
Non-current portion	272,147,219	334,815,446
Current portion		
- under short-term borrowings	62,668,227	56,127,823
	<u><u>334,815,446</u></u>	<u><u>390,943,269</u></u>

6 Deferred tax liabilities, net			
Particulars	As at 31 March 2024	As at 31 March 2023	
Tax effect of items constituting deferred tax liability:			
- Depreciation on fixed asset	135,374,163	141,587,000	
Deferred tax liabilities	135,374,163	141,587,000	
Tax effect of items constituting deferred tax assets:			
- Provision for doubtful debts/ advances	8,432,870	8,199,000	
- 43B items	6,795,985	5,660,000	
- Impact due to finance lease	3,632,614	6,668,000	
- Rent equalisation and provision for interest on customs duty	89,329,509	58,358,000	
Deferred tax assets	108,190,979	78,885,000	
Deferred tax liabilities, net	27,183,184	62,702,000	
Deferred tax liabilities, net (continued)			
Particulars	31 March 2023	Charge/(benefit) for the year	31 March 2024
Deferred tax asset			
- Provision for doubtful debts/ advances	8,199,000	233,870	8,432,870
- 43B items	5,660,000	1,135,985	6,795,985
- Impact due to finance lease	6,668,000	(3,035,386)	3,632,614
- Rent equalisation and provision for interest on customs duty	58,358,000	30,971,509	89,329,509
Gross deferred tax asset (A)	78,885,000	29,305,979	108,190,979
Deferred tax liability			
- Depreciation on fixed asset	141,587,000	(6,212,837)	135,374,163
Gross deferred tax liability (B)	141,587,000	(6,212,837)	135,374,163
Net deferred tax liability (B-A)	62,702,000	(35,518,816)	27,183,184
7 Other long-term liabilities			
Particulars	As at 31 March 2024	As at 31 March 2023	
Rent equalisation reserve	180,076,188	167,004,965	
	180,076,188	167,004,965	
8 Long-term provisions			
Particulars	As at 31 March 2024	As at 31 March 2023	
Provision for gratuity (refer note 31)	8,704,311	7,533,630	
	8,704,311	7,533,630	
9 Short-term borrowings			
Particulars	As at 31 March 2024	As at 31 March 2023	
Current maturities of long-term borrowings - secured (refer note 5.1.1)	44,123,300	33,191,945	
Current maturities of finance lease obligations - secured (refer note 5.1.2)	-	1,203,781	
Current maturities of finance lease obligations - unsecured (refer note 5.1.3)	18,544,927	21,732,097	
	62,668,227	56,127,823	
10 Trade payables*			
Particulars	As at 31 March 2024	As at 31 March 2023	
Total outstanding dues of micro and small enterprises (refer note 30)	2,950,000	1,328,235	
Total outstanding dues of creditors other than micro and small enterprises	144,294,094	124,652,851	
	147,244,094	125,981,086	

* For details relating to payable to related parties, please refer note 33

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

11 Other current liabilities

Particulars	As at	As at
	31 March 2024	31 March 2023
Creditors for capital goods	1,721,855	2,612,832
Advance from customer	7,487,462	7,858,455
Goods and Service tax payable	1,128,657	2,192,879
TDS payable	2,800,024	2,349,992
Employee related statutory payables	1,641,707	1,747,413
Accrued salary benefits	17,650,162	2,668,622
Others	1,000,000	-
	33,429,867	19,430,193

12 Short-term provisions

Particulars	As at	As at
	31 March 2024	31 March 2023
Provision for gratuity (refer note 31)	3,158,186	2,440,000
Provision for compensated absences	2,958,423	3,255,432
Provision for contingency for taxes (refer note below (i) and note 29)	154,633,993	142,740,576
	160,750,602	148,436,008

(i) Details of provisions

The Company has made provision for contingency for customs duty and other taxes based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at	Additions*	Utilisation	Reversal	As at
	31 March 2023				31 March 2024
Provision for tax contingency	142,740,576	11,893,417	-	-	154,633,993
*relates to interest accrued in the current year					

Particulars	As at	Additions#	Utilisation	Reversal	As at
	31 March 2022				31 March 2023
Provision for tax contingency	130,879,653	11,860,923	-	-	142,740,576
#relates to interest accrued in the previous year					

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

14 Long-term loans and advances		As at	As at
Particulars	31 March 2024	31 March 2023	
<i>Unsecured, considered good</i>			
Capital advances	7,667,587	4,141,798	
Prepaid expenses	1,075,964	1,813,056	
Advance income tax and tax deducted at source, net of provision for tax	31,846,488	27,599,281	
	<u>40,590,039</u>	<u>33,554,135</u>	
15 Other non-current assets			
Particulars	As at	As at	
	31 March 2024	31 March 2023	
Security deposits	6,810,780	5,869,180	
Bank balance in margin money *	10,507,293	9,979,993	
Interest accrued on deposits	3,750,281	2,878,659	
	<u>21,068,354</u>	<u>18,727,832</u>	
* Includes deposit given for letter of credits and bank guarantees issued by the banks.			
16 Inventories (At lower of cost and net realisable value)*			
Particulars	As at	As at	
	31 March 2024	31 March 2023	
Medical and non-medical items	12,910,461	12,291,543	
	<u>12,910,461</u>	<u>12,291,543</u>	
*Refer note 5.1 for details of charge created on Inventories.			
17 Trade receivables (unsecured)*			
Particulars	As at	As at	
	31 March 2024	31 March 2023	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment**			
- Considered good	27,484,410	19,556,731	
- Considered doubtful	19,132,995	16,363,958	
	<u>46,617,405</u>	<u>35,920,689</u>	
Less: Provision for bad and doubtful trade receivables	(19,132,995)	(16,363,958)	
	<u>27,484,410</u>	<u>19,556,731</u>	
Other trade receivables**			
- Considered good	75,462,461	92,042,783	
- Doubtful	4,081,131	4,559,490	
	<u>79,543,592</u>	<u>96,602,273</u>	
Less: Provision for doubtful trade receivables	(4,081,131)	(4,559,490)	
	<u>75,462,461</u>	<u>92,042,783</u>	
Unbilled receivables:			
- Unsecured, Considered good	10,590,221	9,530,470	
- Considered doubtful	918,400	439,078	
	<u>11,508,621</u>	<u>9,969,548</u>	
Less: Provision for doubtful trade receivables	(918,400)	(439,078)	
	<u>10,590,221</u>	<u>9,530,470</u>	
	<u>113,537,092</u>	<u>121,129,984</u>	

*Refer note 5.1 for details of charge created on Trade Receivables.

**Refer note 33 for related party balances

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

18 Cash and bank balances		
Particulars	As at	As at
	31 March 2024	31 March 2023
a) Cash and cash equivalents		
Cash on hand	628,892	596,175
Balances with banks:		
- In Current Accounts	23,032,948	13,080,541
- In deposit accounts with original maturity less than 3 months	-	8,000,000
	23,661,840	21,676,716
b) Other bank balances		
- Other Deposits with banks with original maturity of more than three months but less than 12 months	103,102,153	108,018,725
	103,102,153	108,018,725
	126,763,993	129,695,441
For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:		
a) Cash on hand	628,892	596,175
b) Balance with bank in current accounts		
- In Current Accounts	23,032,948	13,080,541
- In deposit accounts with original maturity less than 3 months	-	8,000,000
Cash and cash equivalents as per statement of cash flows	23,661,840	21,676,716
19 Short-term loans and advances*		
Particulars	As at	As at
	31 March 2024	31 March 2023
<i>Unsecured, considered good</i>		
Loans to employees	234,073	232,683
Advance to vendors	1,173,940	2,518,088
Prepaid expenses	4,433,965	3,140,234
	5,841,978	5,891,005
*Refer note 5.1 for details of charge created on Short term loans and advances.		
20 Other current assets*		
Particulars	As at	As at
	31 March 2024	31 March 2023
Interest accrued on deposits	2,105,447	2,268,886
Tax paid under protest	1,896,546	-
	4,001,993	2,268,886
*Refer note 5.1 for details of charge created on Other current assets.		

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

13.1 Property, Plant and Equipment

Particulars	Gross block			Accumulated depreciation and impairment				Net block	
	As at 1 April 2023	Additions	Disposals	As at 31 March 2024	As at 1 April 2023	Depreciation for the year*	Eliminated on disposal of assets	As at 31 March 2024	As at 31 March 2024
<i>Owned assets</i>									
Leasehold improvements	479,872,381	2,554,947	-	482,427,328	119,769,554	28,653,446	-	148,423,000	334,004,328
Plant and medical equipment	906,872,536	14,976,372	9,581,273	912,267,635	331,167,903	59,861,763	3,169,395	387,860,271	524,407,364
Lab equipment	9,598,128	-	-	9,598,128	4,464,720	968,817	-	5,433,537	4,164,591
Data processing equipment	26,749,457	1,585,506	1,187,312	27,147,651	24,358,706	1,188,249	1,075,926	24,471,029	2,676,622
Electrical installation	121,355,725	570,244	-	121,925,969	57,827,269	12,011,618	-	69,838,887	52,087,082
Furniture and fixtures	51,744,043	710,155	-	52,454,198	25,320,547	5,226,214	-	30,546,761	21,907,437
Vehicles	4,074,819	677,985	277,906	4,474,898	1,419,326	517,089	277,905	1,658,510	2,816,388
Office equipment	15,745,343	122,816	50,750	15,817,409	14,200,271	635,577	46,721	14,789,127	1,028,282
<i>Leased assets</i>									
Plant and medical equipment	113,116,901	-	-	113,116,901	54,279,769	14,249,492	-	68,529,261	44,587,640
Total	1,729,129,333	21,198,025	11,097,241	1,739,230,117	632,808,065	123,312,265	4,569,947	751,550,383	987,679,734

Property, Plant and Equipment for the year ended 31 March 2023

Particulars	Gross block			Accumulated depreciation and impairment				Net block	
	As at 1 April 2022	Additions	Disposals	As at 31 March 2023	As at 1 April 2022	Depreciation for the year*	Eliminated on disposal of assets	As at 31 March 2023	As at 31 March 2023
<i>Owned assets</i>									
Leasehold improvements	478,811,501	1,060,880	-	479,872,381	91,200,684	28,568,870	-	119,769,554	360,102,827
Plant and medical equipment	881,422,349	25,450,187	-	906,872,536	271,977,713	59,190,190	-	331,167,903	575,704,633
Lab equipment	8,807,528	790,600	-	9,598,128	3,501,967	962,753	-	4,464,720	5,133,408
Data processing equipment	25,226,796	1,522,661	-	26,749,457	23,421,244	937,462	-	24,358,706	2,390,751
Electrical installation	118,102,538	3,253,187	-	121,355,725	45,932,854	11,894,415	-	57,827,269	63,528,456
Furniture and fixtures	50,606,360	1,137,683	-	51,744,043	20,255,895	5,064,652	-	25,320,547	26,423,496
Vehicles	4,074,819	-	-	4,074,819	944,611	474,715	-	1,419,326	2,655,493
Office equipment	15,182,059	563,284	-	15,745,343	11,635,467	2,564,804	-	14,200,271	1,545,072
<i>Leased assets</i>									
Plant and medical equipment	113,116,901	-	-	113,116,901	39,059,319	15,220,450	-	54,279,769	58,837,132
Total	1,695,350,851	33,778,482	-	1,729,129,333	507,929,754	124,878,311	-	632,808,065	1,096,321,268

Refer note 5.1 for details of charge created on plant and equipment.

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

Particulars	YE 31 March 2023	YE 31 March 2024	YE 31 March 2025	YE 31 March 2027	YE 31 March 2028 and later
(Decrease) / increase in depreciation expense	(2,005,484)	(2,005,484)	(2,005,484)	(2,005,484)	10,027,420

13.2 Intangible assets

Description of assets	Computer software	Total
I. Cost		
Balance as at 31 March 2022	1,221,811	1,221,811
Additions	-	-
Balance as at 31 March 2023	1,221,811	1,221,811
Additions	-	-
Balance as at 31 March 2024	1,221,811	1,221,811
II. Accumulated amortisation and impairment		
Balance as at 31 March 2022	320,505	320,505
Amortisation expense	212,776	212,776
Balance as at 31 March 2023	533,281	533,281
Amortisation expense	212,776	212,776
Balance as at 31 March 2024	746,057	746,057
Net block as at 31 March 2023	688,530	688,530
Net block as at 31 March 2024	475,754	475,754

Refer note 5.1 for details of charge created on intangible assets.

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

21 Revenue from operations *		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Income from medical services	997,962,827	955,076,074
Sale of medical and non-medical items	44,817,950	42,461,920
Other operating income	1,343,000	230,676
	<u>1,044,123,777</u>	<u>997,768,670</u>
* Refer note 33 for related party transactions		
22 Other income		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest income	7,030,597	9,522,324
Exchange Gain	8,504	-
Interest on income tax refund	1,008,509	-
Miscellaneous income	206,237	-
	<u>8,253,848</u>	<u>9,522,324</u>
23 Purchases of medical and non-medical items *		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Medical and non-medical items	211,409,392	202,235,131
	<u>211,409,392</u>	<u>202,235,131</u>
*Refer note 33 for related party transactions		
24 Changes in inventories		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Inventories at the end of the year	12,910,461	12,291,543
Inventories at the beginning of the year	12,291,543	11,231,027
Net increase/(decrease)	<u>(618,918)</u>	<u>(1,060,516)</u>
25 Employee benefits expense		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages (refer note 31)	121,446,989	118,392,307
Contributions to provident and other funds (refer note 31)	7,502,441	7,805,053
Gratuity Expenses (refer note 31)	3,164,681	2,310,456
Staff welfare expenses	4,758,037	1,714,598
	<u>136,872,148</u>	<u>130,222,414</u>
26 Finance cost		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Bank charges	3,359,359	3,847,307
Interest expense on borrowings	29,687,496	28,718,708
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	10,970	-
Interest on finance lease	7,537,970	11,311,621
Interest on provision for tax contingency	11,893,417	11,860,923
Loan processing charges	981,707	984,555
	<u>53,470,919</u>	<u>56,723,114</u>

HCG Manavata Oncology LLP
Notes to the Financial Statements for the year ended 31 March 2024 (continued)

Amount in Rs.

27 Depreciation and amortisation expense		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation of property, plant and equipment	123,312,265	124,878,311
Amortisation of intangible assets	212,776	212,776
	123,525,041	125,091,087

28 Other expenses		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Medical consultancy charges (excluding Dr. Raj Vasantryo Nagarkar. Refer Note 28.1 below) *	169,241,798	135,106,813
Lab charges	8,036,891	7,661,639
Power, fuel and water charges	51,286,334	45,095,246
House keeping expenses	17,199,482	17,633,578
Rent *	105,430,579	103,139,009
Repairs and maintenance:		
- Building	2,779,826	1,792,961
- Machinery	43,569,653	37,905,501
- Others	6,069,920	5,556,346
Insurance	1,340,175	1,470,773
Rates and taxes	235,554	1,083,965
Printing and stationery	3,849,514	5,785
Communication	2,173,921	1,853,794
Business promotion expenses	32,916,039	26,004,805
Travelling and conveyance	3,806,653	2,442,497
Legal and professional charges	29,684,371	15,614,747
Payment to auditors (refer note below)	1,070,100	1,070,100
Loss on sale of plant and equipment	4,332,493	-
Provision for doubtful trade receivables	2,770,000	11,549,078
Miscellaneous expenses	10,142,253	10,630,068
	495,935,556	425,616,705

* Refer note 33 for related party transactions

Note:

Payment to auditors (including applicable taxes)	Year ended 31 March 2024	Year ended 31 March 2023
- Statutory Audit fees	900,000	900,000
- Out of pocket expenses	170,100	170,100
	1,070,100	1,070,100

28.1 Partners' Remuneration		
Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Dr. Raj Vasantryo Nagarkar	123,350,000	131,356,180
	123,350,000	131,356,180

29 Contingent Liabilities and commitments

(i) Contingent Liabilities

Particulars	As at	
	31 March 2024	31 March 2023
Customs duty [refer note (a)]	37,987,270	37,987,270

(a) Demand of Rs. 24,987,270 plus interest as applicable and 100% penalty equal to demand amount and additional redemption fine amounting Rs. 13,000,000 was raised on the Firm for wrong classification and wrong availment of duty in Bill of Entries. Personal penalty was also imposed on certain employees aggregating to Rs. 300,000. Appeal has been filed before the appellate authority. Further, the Firm has also re-assessed the classification in the Bill of Entry, enhanced the EPCG license and the differential duty has been debited to the EPCG license. The Firm has provided Rs. 24,987,270 plus applicable interest thereon as part of Provision for contingency for duties and taxes in view of shortfall in meeting export obligations as required. No adverse impact of this dispute is expected on the consolidated financial statements.

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

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

(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 2,182,525 (previous year: Rs NIL).

30 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 2024 and as at 31 March 2023 has been made in the Financial Statements 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 2024	31 March 2023
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
Principal	2,950,000	1,328,235
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	-	-

31 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 profit and loss towards its contributions to provident fund.

Particulars	As at 31 March 2024	As at 31 March 2023
Contribution to provident fund	7,502,441	7,805,053

Employee benefit plans (continued)

Defined benefit plans

The LLP offers the Gratuity benefits (included as part of 'Salaries and wages' in Note 25 Employee benefits expense) to its employees. The following table sets out the status of the gratuity and the amount recognised in the Financial Statements:

Particulars	As at 31 March 2024	As at 31 March 2023
Components of employer expense		
Current service cost	2,206,844	2,222,089
Interest cost	835,094	621,211
Actuarial losses	122,743	(532,844)
Total expense recognised in the statement of profit and loss	3,164,681	2,310,456

Actual contribution and benefits payments

Present value of defined benefit obligation	11,862,497	9,873,180
Net liability recognised in balance sheet	11,862,497	9,873,180
Current (Refer note 12)	3,158,186	2,440,000
Non-current (Refer note 8)	8,704,311	7,433,180

Change in defined benefit obligations

Present value of defined benefit obligation at the beginning of the period	9,873,180	7,562,724
Current service cost	2,206,844	2,222,089
Interest cost	835,094	621,211
Actuarial losses	122,743	(532,844)
Present Value of DBO at the end of year	13,037,861	9,873,180

Actuarial assumptions

Discount rate	6.90%	7.20%
Salary escalation	6.50%	6.50%
Attrition rate	30.00%	30.00%
Retirement age	60 years	60 years
Mortality	Indian Assured Lives (2012-14) Mod Ult	Indian Assured Lives (2012-14) Mod Ult

Note:

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

Amounts for the current and previous periods are as follows:	As at 31 March 2024	As at 31 March 2023
Gratuity		
Defined benefit obligation	11,862,497	9,873,180
(Surplus) / deficit in the plan	11,862,497	9,873,180
Experience adjustments arising on plan liabilities	47,387	(246,931)

32 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.

33 Related party transactions

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate holding company	CVC Capital Partners Asia V L.P.
Intermediate holding companies	Aceso Company Pte Ltd Aceso Investment Holding Pte. Ltd.
Holding Company / Partner	HealthCare Global Enterprises Limited
Designated partner	Srinivasa V Raghavan (<i>Designated Partner on behalf of HealthCare Global Enterprises Limited</i>)
Partner	Dr. Raj Vasantryo Nagarkar
Entity over which Partner can exercise significant influence/control	Raj Vasantryo Nagarkar HUF HCG Foundation Asmi Agencies HCG Oncology Hospitals LLP (formerly, Apex HCG Oncology Hospitals LLP) HCG NCHRI Oncology LLP Vasantryo Nagarkar Medical Foundation Trust

b. Details of related party transactions:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Medical consultancy charges		
Dr. Raj Vasantryo Nagarkar	123,350,000	131,356,180
Purchases of medical and non-medical items		
Asmi Agencies	-	189,807
Lab charges		
HealthCare Global Enterprises Limited	447,400	-
Rent charges		
Dr. Raj Vasantryo Nagarkar	77,914,708	74,086,733
Raj Vasantryo Nagarkar HUF	289,100	-
Vasantryo Nagarkar Medical Foundation Trust	117,600	-
Income from medical services		
Vasantryo Nagarkar Medical Foundation Trust	11,253,090	13,048,029
Sale of medical and non-medical items		
Dr. Raj Vasantryo Nagarkar	1,192,657	-
Reimbursement of expenditure incurred by the Partners		
HealthCare Global Enterprises Limited	4,795,970	3,592,513
Sale of Asset		
HealthCare Global Enterprises Limited	2,510,000	-
Expense incurred on behalf of the LLP by		
HealthCare Global Enterprises Limited	836,015	-
Payment incurred by		
HCG Oncology Hospitals LLP	156,780	-
HCG NCHRI Oncology LLP	622,129	-

c. Details of related party balances outstanding:

Particulars	As at 31 March 2024	As at 31 March 2023
Partner's Capital account		
HealthCare Global Enterprises Limited #	550,481,686	550,481,686
Dr. Raj Vasantryo Nagarkar #	106,551,412	106,551,412
Trade Receivable		
HealthCare Global Enterprises Limited	-	3,781,932
HCG Foundation	100,000	100,000
Other payable to related party - Other Financial Liability - current		
HealthCare Global Enterprises Limited	6,669,716	7,332,654
Trade payables		
HealthCare Global Enterprises Limited	395,930	88,210
Dr. Raj Vasantryo Nagarkar - Rent	7,012,323	5,089,523
Dr. Raj Vasantryo Nagarkar - MSA	22,560,904	16,169,312
Vasantryo Nagarkar Medical Foundation Trust	9,800	9,800
Rajnish Vasantryo Nagarkar HUF	24,500	19,600
HCG Oncology Hospitals LLP	24,220	63,000
HCG NCHRI Oncology LLP	622,129	-
Share of losses appropriated to		
HealthCare Global Enterprises Limited	(120,547,370)	(80,832,769)
Dr. Raj Vasantryo Nagarkar:	(115,820,022)	(77,662,856)

excludes adjustments towards notional capital contribution by Dr. Raj Vasantryo Nagarkar and distribution of surplus. Refer note 3 and 4

34 Details of leasing arrangements

34.1 Finance lease arrangements

Finance leasing arrangements of the Firm include lease of medical equipments for 5-8 years. Interest rate under finance leases is from 11%- 12.50% p.a. There is option to purchase these equipments at the end of lease tenure. The rental payments are fixed as per the lease agreements. The details of future minimum lease payment and reconciliation of gross investment in the lease and payment value of minimum lease payments are given below:

Particulars	Minimum Lease Payments		Present value of minimum lease payments	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Up to one year	23,500,000	30,477,215	18,544,927	22,935,878
More than one year and up to five years	41,687,500	65,187,500	36,438,244	54,983,171
More than five years	-	-	-	-
	65,187,500	95,664,715	54,983,171	77,919,049
Less: future finance charges	(10,204,329)	(17,745,666)	-	-
Present value of minimum lease payments	54,983,171	77,919,049	54,983,171	77,919,049

	As at 31 March 2024	As at 31 March 2023
Included in the financial statements as:		
- Non-current finance lease obligations (Refer note 5)	36,438,244	54,983,171
- Current finance lease obligations (Refer note 9)	18,544,927	22,935,878
	54,983,171	77,919,049

34.2 Operating lease arrangements

The LLP has entered into operating lease arrangements for hospital buildings. The lease is non-cancellable for a period of 20 years from the arrangement execution date and on mutual consent 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 31 March 2024	As at 31 March 2023
Up to one year	77,914,717	77,914,717
More than one year and up to five years	348,814,450	336,007,218
More than five years	928,582,081	1,019,304,029

(ii) Amounts recognised in the statement of profit and loss

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Lease expenses recognised in the statement of profit and loss with respect to above mentioned operating lease arrangement.	105,430,579	103,139,009

The accompanying notes are an integral part of these Financial Statements

As per our reports of even date attached

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

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

Sd/-
Vikash Gupta
Partner
Membership number: 064597

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

Sd/-
Dr. Raj Vasantrao Nagarkar
Partner
DPIN : 01850180

Place: Bengaluru
Date : 08 August 2024

Place: Bengaluru
Date : 08 August 2024

Place: Nashik
Date : 08 August 2024