adding life to years

HealthCare Global Enterprises Limited

ANNUAL REPORT 2016-17

Contents

LIFE > CANCER

Gone are the days when cancer diagnosis meant that life was over. Today, cancer patients not only have access to the latest treatment plans but are also aware that a love for life and looking forward to life goes a long way in successful treatment and living a healthy, beautiful life after cancer.

The so-called emperor of maladies – the big C – and the greatest equalizer meets its match in those who have beaten cancer, survived and thrived. They all have a message to people battling cancer: a message of triumph, victory and one that is achieved without battling an eyelid.

Lifestyle and its correlation to cancer

India is likely to have over 17.3 lac new cancer cases and 8.8 lac deaths due to the disease by 2020. Cancers of breast, lung and cervix could top the list.

Estimated number of people living with the disease to be around 2.5 million.

14.5 lac new cancer cases in 2016. Numbers to reach 17.3 lac new cases by 2020.

On an average one in about 15 men and one in about 12 women in the urban centres likely to develop cancer in their lifetime.

Around 2,500 persons die due to tobacco related diseases in India every day.

Smoking of tobacco accounts for one in 5 deaths among men and one in 20 deaths among women.

Tobacco accounts for 30% of all cancers in males and females in India.

Oral cancer is common in India amongst men (11.28%), and the fifth most frequently occurring cancer amongst women (4.3%) and the third most frequently occurring cancer in India amongst men and women.

Cancer of the cervix is the third most common cancer with estimated 1 lac new cases in 2016 and about 1.04 lac during 2020.

Cancers of oral cavity and lungs in males; and cervix and breast in females account for over 50% of all cancer deaths in India.

Breast and Cervical cancers are the most common cancers in India in women.

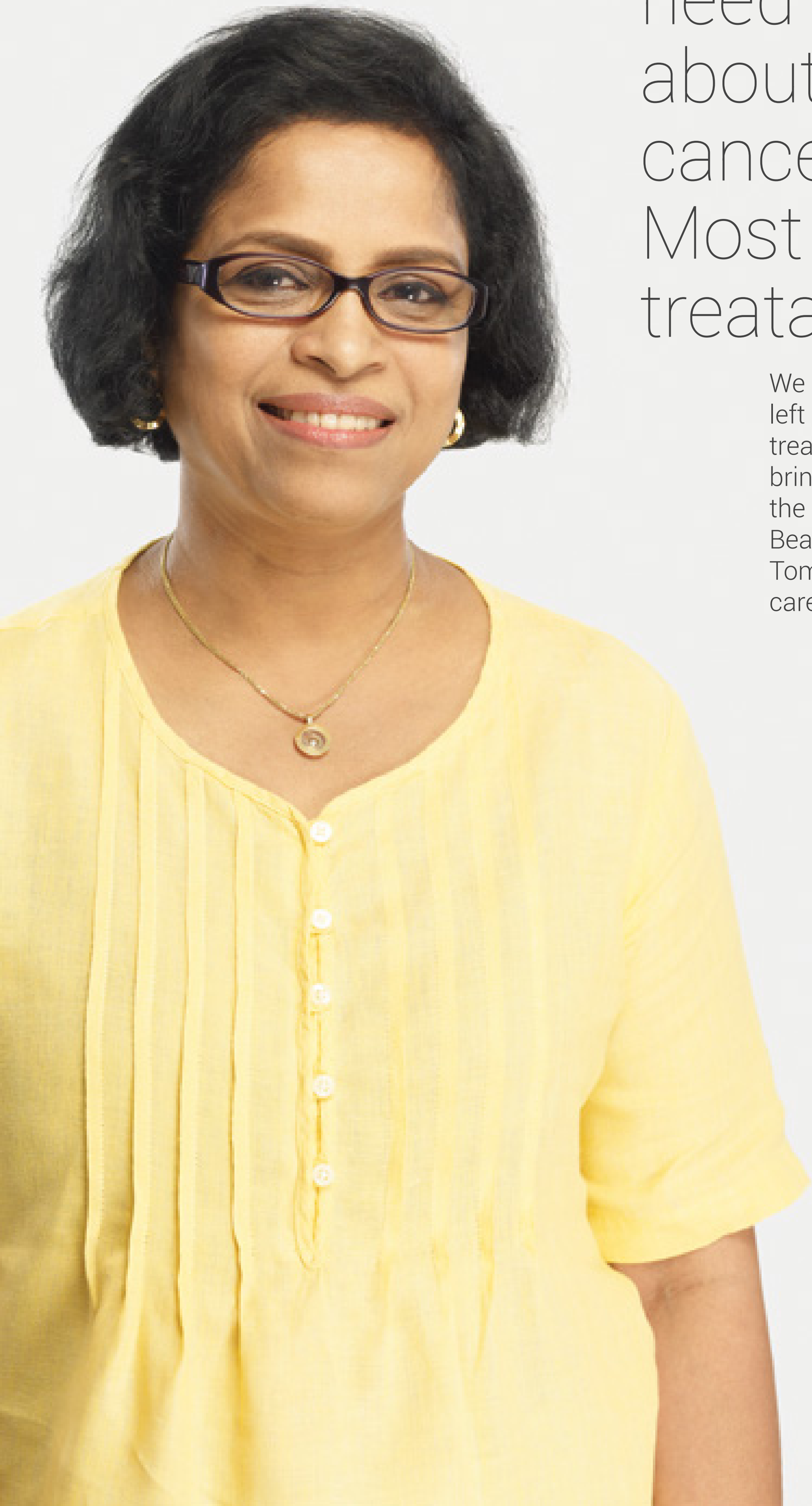
Breast Cancer accounts for 27% and Cervical Cancer accounts for 22.86% of all cancer cases in women and 12% of all cancer cases in men and women.

Cancer of the lung is the next with estimated 1.14 lac (83,000 in males and 31,000 in females) new cases during 2016 and 1.4 lac cases in 2020.

Only 12.5% of patients come for treatment in early stages.

The proportion of childhood cancers relative to all cancers reported by Indian cancer registries varied from 0.8% to 5.8% in boys, and from 0.5% to 3.4% in girls.

Leukaemia and lymphoma were the commonest malignancies in boys whereas leukaemia and brain tumours were commonest in girls.



Here is what you need to know about untreatable cancer. Most of them are treatable.

We believe that no patient should be left without the hope of successful treatment. Which is why we pioneered bringing world-class technologies like the Cyberknife, Agility Synergy, True Beam, Artiste with CT on Rails and Tomotherapy H to redefine cancer care in India.

Overview of the Indian healthcare industry

For decades, India's muted healthcare spending was the result of a relatively low presence of accessible, available and affordable healthcare services on one hand coupled with low incomes on the other. This reality is being corrected faster than ever. An increase in healthcare awareness is driving investments in the sector; increased incomes are also catalysing healthcare expenditure. Today, the healthcare sector in India has become one of the largest in terms of revenue and employment. The Indian healthcare sector is also growing at a rapid pace as a result of its strengthening spectrum of services and increasing expenditure by public as well private players.

In India, the healthcare sector is bucketed into two major spectrums - public and private. The Government - managed public healthcare system comprises of limited secondary and tertiary care institutions in key cities, which focus on providing basic healthcare facilities in rural areas. The private sector provides secondary, tertiary and quaternary care with a major concentration in Tier I and Tier II cities.

Over the last two decades, a majority of tertiary care institutions in the public sector have been facing a resource crunch resulting in their inability to maintain equipment, pay for consumables and upgrade their infrastructure to meet the growing demand for complex diagnostic and therapeutic treatments. As a result, there is an increasing preference for private hospitals.

Today, the private sector plays a dominant role in the delivery of healthcare services in India. It is predominant in medical education, training, diagnostics and technology, manufacture of pharmaceuticals, hospital design, and in the construction and management of ancillary services. Over 75% of the human resources and advanced medical technology, 68% of all hospitals and 37% of total hospital beds in India are in the private sector.

Further, the sector has grown rapidly in the last few years, witnessing the emergence of several large private players and attracting large capital investment. The growing dominance of the private sector and the consequent increase in competitive forces, is transforming the Indian healthcare sector from a supply driven market to a demand driven/consumer-centric market.

Today, healthcare in India has increasingly become technology-driven, comprising the development of new drugs/vaccines, medical devices/equipment, and diagnostic techniques. The last decade witnessed a significant change in the delivery of healthcare services, with technology having a key role to play. Technological advancements have been made in the field of imaging, facilitated to deliver faster and more reliable diagnosis, with reduced doses, procedure time and new interventional application. Considerable advancements have also been made in several other areas, with the introduction of advanced medical technology, improving the ability of monitor, prevent, diagnose, control, and cure a number of growing health conditions.

Healthcare providers are increasingly adopting technology to derive various benefits, including improved patient satisfaction (through reduced turnaround time at points of care), enhanced patient safety (through improved decision-making), enhanced productivity and elimination of human error (by way of seamless integration with medical device/equipment), reduction in operational costs (through reduction in staff needed for back-office tasks), improved inventory management (by way of accurate demand estimation and timely procurement and distribution of materials), among others.

The Indian healthcare sector, one of the fastest growing industries, is expected to advance at a CAGR of 22.9% during 2015–20 to reach USD 280 billion. There is immense scope for enhancing healthcare services penetration in India, representing ample opportunity for the development of the healthcare industry.

Considering that the healthcare spending in India translates into a huge rise in the percentage of Gross Domestic Product (GDP), there is a vast scope for enhancing healthcare services. Rural India accounts for more than 70% of the population of the country and is set to emerge as a potential demand source for healthcare services.

India requires 600,000 to 700,000 additional beds over the next five to six years, indicative of an investment opportunity of USD 25-30 billion. Given this demand for capital, the number of transactions in the healthcare space is expected to witness an increase in the near future. The average investment size by private equity funds in healthcare chains has already increased to USD 20-30 million from USD 5-15 million.

(Source: India Brand Equity Foundation)

Beating the burden of cancer

India is likely to have over 17.3 lac new cases of cancer and over 8.8 lac deaths due to the disease by 2020 with cancers of breast, lung and cervix topping the list. Data has also revealed that only 12.5% of patients come for treatment in the early stages of the disease.

(Source: Indian Council of Medical Research, http://icmr.nic.in/icmrsql/archive/2016/7.pdf)

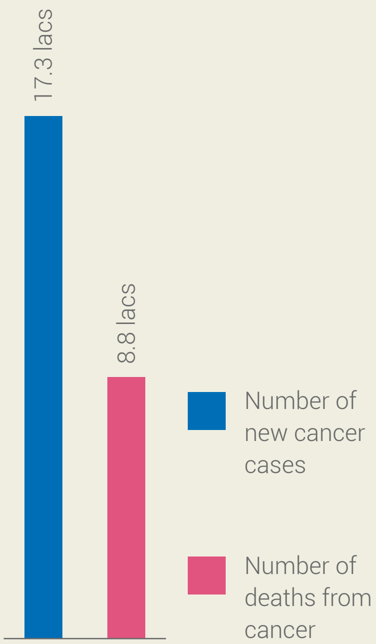
Based on the recent studies, breast cancer tops the list in female cancers, while lung cancer tops the list in male cancers. Cancer of breast with estimated 1.5 lac (over 10% of all cancers) new cases during 2016, is the number one cancer overall. Cancer of the lung is the next with an estimated 1.14 lac (83,000 in males and 31,000 in females) new cases during 2016 and 1.4 lac cases in 2020. Cancers associated with the use of tobacco account for about 30% of all cancers in males and females.

(Source: Indian Council of Medical Research)

Within India's health care industry, the incidence of lifestyle diseases is expected to increase faster than any other segment; within the lifestyle space, we see the occurrence of cancer increasing faster than ever. In India the subject of cancer is a moving goalpost.

The reported cancer incidence in India is based on data collected from cancer registries, which cover less than 10% of the population, resulting in a significant margin of estimation error. There is also evidence to suggest that much of the problem in India is the result of low awareness that, in turn, results in staggered diagnosis and delayed treatment. Less than 1% of women in India aged between 40 and 69 years participated in recommended breast screening mammograms once in 24 months, compared to 32% in China and 67% in the United States in 2015. The result is that between 2009 and 2011, only 4% breast cancer cases were diagnosed at early stages (i.e., Stage I or Stage II) of the disease in India; the corresponding number was 62% in the United States, 81% in the United Kingdom and 72% in China, holding out positive prospects for companies like HCG in combating one of mankind's most lethal killers.

Estimates of cancer incidence and mortality by 2020



The rate of cancer mortality is almost equal among male and female cancer patients

Gearing for the future

Even as there is growing cancer awareness coupled with increased incomes, the challenging reality is a dearth of adequate infrastructure and mass screening programs for accurate and affordable diagnosis in India. For instance, as of 2014, there were only 2,700 mammograms in India, or 1 per 220,000 women, compared to 1 per 10,000 women in the United States. Besides there were only 121 PET-CT scanners installed in India in 2015, a majority in metropolitan cities, making it increasingly challenging to accurately diagnose, stage and monitor cancer.

(Source: Ernst & Young)

For the successful address of cancer incidence in India, the availability of diagnostic equipment and infrastructure are not enough; what is critical in this price-sensitive geography is the affordable service pricing. It is here that India is attractively placed. Even at for-profit hospitals in India, the cost of cancer care, including treatment with advanced technologies like PET-CT and LINAC-based radiation therapy is one of the lowest in the world and a fraction of the treatment cost in the United States and Europe after adjusting for purchasing power parity. However, the irony is that despite this encouraging reality, quality cancer care continues to be unaffordable and inaccessible to a large proportion of the Indian population.

An addition of 3 million beds is needed for India to achieve the target of 3 beds per 1,000 people by 2025. Further, 1.54 million doctors and 2.4 million nurses are required to meet the growing demand for healthcare. An investment of USD 86 billion is required to achieve these targets.

Over USD 200 billion is expected to be spent on medical infrastructure by 2024.

(Source: Deloitte)

The lump in your breast has no business getting in the way of your life.

The Tomotherapy H technology at HCG provides radiation for breast cancer tumours that allow patients to get back to normal health in the least amount of time possible.

With unbeatable precision, real-time delivery analysis, minimal side-effects and the ability to treat inoperable, hard-to-reach tumours, the Tomotherapy H is here to change cancer care in India.

The growing footprint

With increasing urbanisation and problems related to modern-day living in urban settings, about 50% of spending on in-patient beds is for lifestyle diseases, increasing the demand for specialised care. In India, lifestyle diseases have replaced traditional health problems.

HCG was one of the first hospital chains to focus on Tier II and Tier III cities. There is a substantial demand for quality and specialist healthcare services in India's Tier-II and Tier-III cities.

In FY16, the gross direct premium income from health insurance stood at 25.4% of overall gross direct premium income for non-life insurance segment. Health insurance is gaining momentum in India; gross healthcare insurance premium was USD 2.9 billion in 2013, expanding at a CAGR of 26% over FY08-13.

This trend is likely to continue, benefiting the country's healthcare industry.

(Source: IRDA, CII, Grant Thornton, Gartner, Technopak, PwC, TechSci Research)

A ray of hope

From what has been indicated, it would appear that the scenario is grim and that mankind is staring into a dark tunnel. At HealthCare Global Enterprises, we perceive hope. There is growing cancer awareness, a stronger emphasis on screening and improvements in cancer diagnosis. The result is that, even as the numbers in India appear discouraging at first glance, the needle has indeed moved and cancer diagnosis is now happening quicker and more comprehensively across the country. As the largest dedicated cancer adversary in India, we believe that while timely diagnosis could result in lower mortality rates, it is also expected to increase reported cancer incidence in the next five years, widening opportunities for our company.

How a baby had a mother

Curing a cancerous spinal cord and giving it the life a mother needs.

41-year old Rabea Abdul was pregnant with her precious first baby in Kuwait when a spinal malignancy was diagnosed. Post pregnancy, the disease spread, disabling her. She turned to the HCG Centre of Excellence for help. At HCG, our multi-disciplinary team used the cutting-edge Cyberknife technology to remove the tumour from a region previously deemed inoperable. She can now hold her baby up high.

The boy who saw the world better from India

An expert multidisciplinary team approach to removing a tumour and restoring vision.

In Tanzania, two year old Isak Ibrahim Cassidy lost one eye after he was diagnosed with eye cancer. With darkness closing around him, he was referred to HCG's Centre of Excellence. At HCG, the multidisciplinary team preserved his remaining eye by reducing the size of the tumour and then treating it locally. Isak now sees all his favourite colours again.

Our growth strategy

At HCG, we are prepared for emerging opportunities.

We intend to expand our cancer care network by establishing new cancer centres across India. We carry out a competitive assessment of the markets in which we plan to expand our HCG network based on a number of factors, including the estimated incidence of cancer in the primary and secondary catchment population, the number of comprehensive cancer centres, if any, in the catchment area; the average distance patients have to travel to avail of such comprehensive cancer care; affordability of healthcare generally and cancer care in particular; and the available third party payer options, whether corporate, government or private insurance.

We will continue to expand our network through green field projects, partnership arrangements and acquisitions. We believe that our past experiences will aid us in identifying potential opportunities in the future and assist us in integrating new cancer centres into our existing HCG network. As on the date of this report, we are in the process of establishing 8 new comprehensive cancer centres in India, all of which are under various stages of development. We expect these centres to commence operations by end FY 2018. All these centres are majority-owned by us.

Despite the growing incidence of cancer, there is a shortage of cancer centres in many countries in Africa. As a result, patients suffering from cancer often travel outside the region at a significant cost for availing quality cancer care, including coming to our comprehensive cancer centres in India. In the past, we experienced an increase in the number of patients travelling from Africa and other regions to our centre of excellence in Bengaluru, as well as to our other comprehensive cancer centres in India for cancer treatment. We believe that this growing demand presents an opportunity to establish a network of speciality cancer centres in Africa. We are currently planning to establish a network of specialty cancer centres in Africa through partnership arrangements and acquisitions. We believe that we are well-positioned for growth in Africa due to the significant unmet demand for cancer care, our expertise in cancer diagnosis and treatment, as well as our existing track record of establishing and operating cancer centres in India

At HCG, we are also widening our fertility service through a proposed expansion of our Milann network. The number of infertile couples seeking fertility treatment in India is estimated to increase from 270,000 to around 650,000 or 700,000 by 2020, in response to which we plan to expand our Milann network through greenfield centres, partnership arrangements and selective acquisitions. We believe that in expanding our Milann network, we are well-positioned to leverage HCG's successful track record of growing through partnerships with specialist physicians and hospitals, as well as our relationship base within the medical community. We intend to invest in building our Milann brand through targeted media campaigns focusing on building patient awareness of fertility treatment primarily through patient testimonials and socially relevant messages. We also intend to undertake community outreach programmes, strengthen our patient support groups and undertake other awareness building activities among corporate entities. In addition, we intend to undertake various direct consumer marketing activities, including advertising in print, television, outdoor and digital media.

Concurrent with these strategic initiatives, we will continue strengthening our IT infrastructure to enhance care quality, clinical best practices and research around a private cloud-computing system, and a centralised EMR system seamlessly integrated with various other centralised systems. We believe that this momentum will facilitate paperlessness, centralised medical records (laboratory, radiology, medical, radiation and surgical oncology data), enhance operating efficiencies, empower longitudinal research studies and associate clinical outcomes with mutation and other genomic findings in cancer patient tissues maintained in our bio-repository. We believe that this will position us as a partner of choice for cancer researchers and academia.

Strengthening our HCG brand is another important strategic initiative we are pursuing relentlessly. We believe that in a business based on trust, it is imperative to enhance positioning, recall and visibility. Our HCG brand distinguishes us from our competitors. As we establish new comprehensive cancer centres across India, we plan to invest in building our brand, enhancing our market presence, brand image and visibility. In line with this, we intend to strengthen our patient support groups comprising cancer survivors to enhance cancer screening awareness and educate patients regarding cancer treatment options and benefits. We intend to sustain direct consumer marketing (including advertising in print, television, outdoor and digital media) primarily through patient testimonials and socially relevant messages.

We believe that this combination of enhanced visibility, knowledge, competence, presence and infrastructure will translate into a stronger effectiveness in countering disease and, in turn, reinforce our business sustainability.

Multi-disciplinary team

While cancer may be complex, its treatment requires a planned and integrated approach for the best possible outcomes.

At HCG, a team of experts (multidisciplinary team) meets to discuss and contribute their years of expertise to address critical and complex cases across the HCG network, which gives the patient access to not just one specialist to treat their disease, but a team of specialists to carry out an in-depth exploration of all documents, medical history and then provide the patient a comprehensive holistic report on the best possible treatment plans and outcomes that suit the case.

The multidisciplinary team comprises a panel of specialists who are experts in their own fields of expertise and bring this value to each case. This panel of experts works together to ensure that comprehensive, opinion is available to

guide each patient through diagnosis, treatment and recovery, and that patients who need several different therapies to treat their cancer receive advice on the ideal combination. This team approach means that patients benefit from the combined expertise of cancer specialists.

Our multidisciplinary panel comprises Medical Oncologists, Surgical Oncologists, Radiation Oncologists, Onco Pathologists, Onco Radiologists, Immunotherapists, Nuclear Medicine Experts, Onco Psychologists, Nutritionists and Physiotherapists.

Being at the forefront in the fight against cancer involves pioneering innovative treatments, methods and the introduction of industry-changing technologies that benefit the medical expert and the patient. HCG has led the march against cancer and set benchmarks in the industry by introducing many new technologies like TrueBeam, CyberKnife and Tomotherapy.

Our comprehensive cancer care centres comprise all facilities and departments under one roof - surgical, radiation, medical oncology and diagnostic facilities.

The surgical oncology department comprises a team of qualified, trained and experienced surgical oncologists. The group, though divided by sub-speciality, uses a team approach in the treatment of patients. Outcomes are at par with leading international cancer institutes. The focus is on offering a better quality of life to cancer patients with consideration for cosmetics and rehabilitation, coupled with shorter hospital stays.

Being at the forefront of cancer care involves pioneering innovative treatment methods as well as the introduction of technology that aids medical experts. HCG has led the pack on both counts by introducing TrueBeam, India's first advanced radiation therapy system with multi-leaf. It delivers precise tumour targeting, while lowering toxicity and improving outcomes. For oncology thought leaders, it allows pioneering new treatment that goes beyond today's clinical norms. For patients, it means a short road to a life as usual.

Quality of life

The term Quality of Life (QoL) is used to evaluate the general well-being of individuals and societies. According to the World Health Organization (WHO), quality of life (QoL) is defined as individual perception of life, values, objectives, standards and interests in the framework of culture. A number of illness-related factors exist that can affect QoL. The amount of symptoms of distress experienced by an individual has been related to QoL in a number of people with cancer. QoL is increasingly being used as a primary outcome measure in studies to evaluate the effectiveness of treatment. Patients, instead of measuring lipoprotein level, blood pressure and the electrocardiogram, make decisions about their health care by means of QoL, which estimates the effects on outcomes important to themselves.

An increasingly important issue in oncology is to evaluate QoL in cancer patients. The cancer-specific QoL is related to all stages of this disease. In fact, for all types of cancer patients, general QoL instruments can be used to assess the overall impact of patient health status on their QoL. However, hand cancer-specific instruments assess the impact of a specific cancer on QoL. In some cancer diseases (glioma for instance), QoL has become an important endpoint for treatment comparison in randomized controlled trials so that in these patients, clinical studies increasingly incorporate QoL as an endpoint.

Cancer can produce many different symptoms, some subtle and some not at all subtle. Some symptoms of cancer affecting QoL in patients would be based on the cancer type and stage as some types of cancer do not present any symptoms until they are in advanced stages. Besides time since diagnosis, patient acceptance, intensity of the disease and the level of psychological distress experienced by caregivers also influence QoL.

Having a potentially life-threatening disease like cancer often leads people to examine their lives and look for meaning. In fact, this search for meaning may be the aspect of cancer that most often has a positive influence on life. The fear of death that affects most people when they are diagnosed with cancer, often leads us to think about what we leave behind and what we would like to do with the time we have left. It can make you feel like it is the quality of life, not just the quantity, which matters most.

Quality of life means different things to different people. What is most important is that you figure out what it means for you and overcome it.

It is not beyond us to meet the challenge if...

- The emotional and mental impacts of cancer are taken as seriously as the physical impacts.
- Cancer patients are made aware of treatment-related symptoms and side-effects so that they can be more informed in their choices.
- Holistic, person-centred, multidisciplinary approaches to cancer care are accessible, which could improve cancer outcomes and maximise the quality of life for people of all ages living with cancer, their families and carers.
- Individuals feel empowered to talk about cancer and reach out for support.
- Governments implement global commitments to ensure that palliative care is included in all national health policies and budgets and in the curricula for health professionals.
- Healthcare providers are equipped with the skills and knowledge to ensure that all cancer patients have access to adequate pain relief and quality palliative care.

Increasing our network – strengthening our fight against cancer

HealthCare Global Enterprises Ltd. (HCG), is headquartered in Bangalore, is the largest provider of cancer care in India. Through its network of 18 comprehensive cancer centres spread across India, HCG has brought advanced cancer care to the doorstep of millions of people.

Its comprehensive cancer centres provide expertise and the latest technologies in diagnosis and treatment of cancer under one roof. HCG has pioneered the introduction and adoption of several technologies in the country including stereotactic radio-surgery, robotic radio-surgery and the use of genomics for personalized treatment of cancer.

In 2016-17, HCG expanded its cancer care network to cities like Visakhapatnam (Andhra Pradesh), Baroda (Gujarat), Gulbarga (Karnataka) and Kanpur (Uttar Pradesh) while expanding the capacity and service offerings of existing HCG cancer centres. With an extensive network and many new centres in the pipeline, HCG ensures cancer patients, whose treatment could continue over months and maybe even years, do not have to travel long distances to get quality cancer care. The sole focus has not only been in building world-class cancer care infrastructure and providing comprehensive services, but also in addressing the huge gap in the 'end-to-end value chain' in the treatment of cancer in India.

HCG cancer centre Baroda

The decision to set up a cancer centre is based on a number of factors: the estimated incidence of cancer in the primary and secondary catchment population, the number of comprehensive cancer centres, if any, in the catchment, the average distance patients have need to travel to avail such comprehensive cancer care, affordability of healthcare generally and cancer care in particular and the availability of third party payer options, whether corporate, government or private insurance.

HCG will continue to expand its network through green field projects, partnership arrangements and acquisitions; past experiences will aid the management in identifying potential opportunities and assist HCG in integrating new cancer centres into the existing HCG network.

In April 2016, HCG launched it's first cancer centre in Visakhapatnam, which houses 88 beds and provides quality and comprehensive cancer care services with multi-disciplinary approach through specialist doctors in Medical, Surgical and Radiation Oncology as well as a team of experienced clinicians.

The radiation department is equipped with state-of-the-art technologies and is the only centre in Andhra Pradesh with a True Beam installation. Another addition to the facilities at this centre is the 16 slice PET CT machine Discovery IQ from GE, which enables effective cancer diagnosis.

The Company in May 2016 has launched its new advanced comprehensive cancer centre in Baroda. The Centre has a bed capacity of 65 beds and is one of the most advanced in terms of technology in the HCG network. The centre is HCG's second comprehensive cancer centre in the state of Gujarat with Ahmedabad. The new centre features several advanced technologies such as the TrueBeam Radiotherapy system, PET-CT for radiotherapy planning and diagnosis, TrueBeam minimally invasive surgery system as well as an integrated cloud hosted oncology IT system.

In July 2016, HCG inaugurated a new free-standing cancer hospital, which houses 85 beds in Gulbarga, the first comprehensive cancer centre in North Karnataka by HCG.

Another inauguration in 2016 was in Kanpur when HCG opened another comprehensive cancer centre, a joint venture with Regency Hospitals Ltd., the largest private hospital group in Uttar Pradesh.

Throughout the HCG network, the specialists adopt a technology-focused approach to diagnosis and treatment. For instance, HCG uses advanced technologies, including molecular pathology and molecular imaging for accurate diagnosis and staging of cancer, which enables the clinicians to decide on the appropriate course of treatment for each patient. Apart from this, targeted nuclear medicine therapies as well as advanced radiation treatments are used to minimize side effects and improve the outcome of treatments. By ensuring that these diagnostic and treatment technologies are adopted throughout the HCG network, a consistent quality of care to all patients is being provided.

At the forefront of breakthroughs in technology

Being at the forefront in the fight against cancer involves pioneering innovative treatments, methods and introducing industry-changing technologies that have not only benefited patients but medical experts as well. Having performed Asia's first bloodless bone marrow transplant and introducing high intensity flattening filter-free mode radiotherapy, stereotactic radiosurgery and robotic radiosurgery for cancer treatment in India, HCG has led the march against cancer and set benchmarks by introducing new technologies, which have not only helped in improving survival rates but provided better supportive care as well.

Over the years, HCG has invested in state-of-the-art equipment for diagnosis and treatment options. These comprise PET CT, 3T MRI and radiation therapies (SRS, SRT, SBRT, VMAT IGRT, IMRT and CyberKnife robotic radio surgery). HCG was among the first to introduce CyberKnife technology in India and has treated more than 2000 patients using this technology. It was amongst the first Indian healthcare providers to standardise molecular diagnostics technologies, which comprised genomic testing and molecular imaging, including 128 slice PET-CT scans in the diagnosis and staging of cancer.

With a greater understanding of how cancers develop and progress, encompassed with the availability of powerful new technologies, the approach to preventing cancer, including how it is screened and managed in the early-stage of the disease, is definitely more refined today. The introduction of TrueBeam by HCG, India's first advanced radiation therapy system with multi-leaf, not only helped in precise tumour targeting, but also lowered toxicity and improved outcomes.

HCG's proactive investment in digital mammogram/ MRI instead of conventional mammograms or ultrasound, accurately identify suspicious lesions over historical alternatives; image-guided biopsies have helped reduce false negative rates; PET CT (compared to conventional CT/ Ultrasound of abdomen and pelvis) and bone scan to radiologically stage cancer helped accurately stage disease and facilitate the right treatment; tumour markers (prostate specific antigen, CA19-9, CEA, AFP etc and other immuno-histochemically markers) have facilitated accurate pathological diagnosis.

The introduction of Versa HD at the HCG Cancer Centre in Mumbai has given clinicians the flexibility to deliver conventional therapies to treat a wide range of tumours throughout the body, while also enabling the treatment of highly complex cancers that require extreme targeting precision. Versa HD is designed to maximize health care system resources and deliver highly sophisticated therapies without compromising treatment times and helping improve quality of life.

As HCG has pioneered robotic surgery or robot-assisted surgery, Da Vinci SI is one such surgical system at the HCG Cancer Centre in Bangalore, which allows doctors to perform many types of complex procedures with more precision, flexibility and control than it is possible with conventional techniques. Robotic surgery is usually associated with minimally invasive surgery — procedures performed through tiny incisions. It is also sometimes used in certain traditional open surgical procedures.

The Da Vinci System consists of several key components, including: an ergonomically-designed console where the surgeon sits while operating, a patient-side cart where the patient is positioned during surgery, interactive robotic arms, a 3D HD vision system, and proprietary EndoWrist instruments.

Da Vinci is powered by robotic technology that allows the surgeon's hand movements to be scaled, filtered and translated into precise movements of the EndoWrist instruments working inside the patient's body.

Another revolution in the treatment of cancer through radiation is the TrueBeam ST, which has been installed at the HCG NCHRI Cancer Centre in Nagpur. TrueBeam STx treats cancer anywhere in the body where radiation treatment is indicated, including cancers of the lung, breast, prostate and head and neck. TrueBeam STx system offers doctors a non-invasive alternative to traditional surgery. Most clinicians prefer this as it is the fastest in treatment speed, precision and accurately targets tumours of the brain, spine, lung and other areas that are typically difficult to treat surgically.

The result of our focus on technology and expertise has reflected throughout our cancer centres, not only delivering quality care but improvements in the treatment of cancer as well.

The widening infertility landscape

India has a large population of 1.22 billion people and infertility in the country is rising at a rapid rate (about 30 million couples suffer from infertility). Nearly 10-15% of married couples in India today suffer from infertility or the inability to conceive by natural means. Changing lifestyles, stressful work and personal environment, increased consumption of alcohol, tobacco and rising levels of obesity, among other factors, are leading to a drastic rise in infertility cases across the country. Besides, medical conditions such as poly-cystic ovarian syndrome, endometrial tuberculosis and sexually transmitted infections too are adding to infertility problems. There is also something called unexplained infertility, where doctors are unable to provide a medical explanation for the couple's inability to conceive.

The incidence of infertility has been rising in India on account of demographic changes – even as the age in India is expected to increase by 14% between 2010 and 2020, the number of women between 30 and 44 years, is projected to increase by about 20% during this period. Besides, a combination of rising marriage age, increasing number of working women, growing alcohol or tobacco consumption and life stress are catalysing the incidence of infertility.

(Source: Ernst & Young).

In 2015, less than 1% of the 27.5 million couples suffering from infertility in India were presented for fertility assessment. We believe that based on these trends, the potential demand for IVF cycles in these cities is estimated to be nine to twelve times larger than the number of IVF cycles performed in India that grew at a compounded annual growth rate of 18.1% in the last 10 years. As an extrapolation, it would be reasonable to believe that the number of couples seeking infertility treatment and evaluation in India would increase from 270,000 in 2015 to around 650,000 to 700,000 annually in 2020; correspondingly, the number of IVF cycles performed in India is expected to increase from 100,000 in 2015 to an estimated 260,000 in 2020.

The fertility treatment market in India is fragmented and unregulated. An estimated 75% of the IVF cycles in India are done by about 500 clinics, comprising a few corporate chains and private clinics of leading physicians. There is no requirement to obtain any permission or have any specific qualifications to open infertility or assisted reproductive technology clinics in India. As a result, in the last 20 years, there has been an increase in the number of fertility clinics that use techniques requiring the handling of spermatozoa or oocyte outside the body or the use of a surrogate mother (Source: Call for Action, Ernst & Young). Of the nearly 1,000 centres offering IVF across the country, organised players account for 50% and contribute three-fourths of the total number of cycles.

However, the penetration of the IVF market in India is low with only 2,800 cycles/million infertile women in the reproductive age group (20–44 years) compared to China which has 6,500, US 46,042 and Germany 50,884 cycles. The key challenges are a lack of awareness, affordability and accessibility.

Typically, the cost of IVF treatment in India ranges between INR 150,000 and INR 200,000 per cycle and often requires multiple treatment cycles — generally 1-2 cycles per couple. The cost of an IVF treatment in India is 3-4 times lower than that in markets such as the US, the UK, Spain and Russia, which makes India a favoured destination for medical tourism in the IVF space. A basic IVF cycle in the US costs approximately USD 10,000 compared to just USD 3,000 in India.

So factors such as an under-penetration of the infertility market, quality medical expertise, state-of-the-art technology, cost-effective healthcare system and attractive demographic statistics make India an important market for IVF players.

Source - http://businessworld.in/article/IVF-Fertile-Ground/08-08-2016-104172/

Milann

We also provide fertility treatment under our Milann brand.

Our Milann fertility centres provide comprehensive reproductive medicine services, including assisted reproduction, gynaecological endoscopy and fertility preservation; and follow a multidisciplinary and technology-focused approach to diagnosis and treatment.

Milann network also operates a model similar to our HCG network, wherein the various Milann fertility centres aim to provide medical services following established protocols with a focus on quality medical care across diagnosis and treatment. We operate seven Milann fertility centres across Bengaluru, Delhi, Chandigarh and Mumbai as on March 31, 2017.

Milann was the first to receive ICMR approval for uterus transplant and was ranked number one in India and the first in South India in the fertility segment in the Times Health All India Critical Care Hospital Ranking Survey in 2016 and 2017. Our Milann network also received the "Emerging IVF Service Provider Company of the Year (Independent Chain) 2015" award at the Frost and Sullivan Annual Indian Healthcare Excellence Awards in October 2015.

(Source: All India Critical Care Hospital Ranking Survey 2016 and 2017, published on Times Health, Times of India on January 29, 2016 and December 16, 2016).

IVF: Fertile Ground

Larger numbers of Indians are suffering from infertility; domestic and foreign players are rushing to tap the IVF treatment market

Chairman's letter

HealthCare Global Enterprises Ltd. has played a crucial role in changing the ecosystem of the cancer burden, with outcomes to synchronize with our mission of adding life to years, where we help improve the quality of life by managing the disease in the right way.

Dear shareholders,

The year has indeed been an exciting one for our Company. It has been over a year since we got listed with the stock exchanges; and this phase of our journey has been an enriching experience.

The Company's growth has kept us extremely focused on building infrastructure, commencing new centres and augmenting the talent bandwidth required for each of these centres. We continue to evolve and evaluate new opportunities for growth, and we pursue our goal with a passion in winning over cancer through our onco philosophy of treating cancer 'the right way, the first time'.

In our voyage in winning over cancer, I am happy to report that we have received profound appreciation for our hub-and-spoke model. To understand the success of our model, we have had leadership teams from clinical and management from the US, Latin America, South East Asia, Africa as well as China, who visited us to gather insights into our hub-and-spoke model. This demonstrates that we have truly made cancer care accessible and affordable, and this is in harmony with our vision to take our recognized model to emerging markets.

Looking back at the way cancer care has evolved in the country, it is encouraging to note that the quality of life after cancer has immensely changed for the better. This is due to increased awareness, early diagnosis, easy accessibility to cancer care centres, expertise, cutting-edge technology and affordable cancer care. Our Company has played a crucial role in changing the ecosystem of the cancer burden, and these outcomes synchronize with our mission of adding life to years, where we ensure to improve the quality of life by managing the disease the right way.

Today, we stand at the cusp of a paradigm shift in cancer care itself. There is a move towards 'precision medicine', which is highly an individualized therapy, designed to obtain better success rates and less side-effects. Precision medicine also describes how genetic information about a person's disease can be used to diagnose their medical condition, leading to more effective treatment strategies tailored to the genetic profile of each patient's condition.

To individualization of therapy may involve genetic mapping of the individual, as well as analysis of complete data, known as predictive analysis. When we combine the two, the treatment is highly specific to the person for that particular disease. In the future, instead of an organ-specific disease like breast or colon cancer, therapy for cancer would be genomics-based. This can revolutionize the understanding of cancer, therapy and could result in better outcomes, increasing the longevity.

While this could be the future, we are happy to inform shareholders that the future is now for HCG. We have been at the forefront of genomics and have moved ahead by commissioning a Next-Generation Sequencing (NGS) lab, bioinformatics and biorepository. We are developing various models for our patients as we take leadership role in preventive oncology and genetic counselling.

In terms of oncology care, we continue to maintain leadership position not only recognized in India, but also globally. We are proud to be the only cancer care group that has taken its model successfully to Tier 2 and Tier 3 cities in India. By 2020, we expect nearly 8 million people living with different kinds of cancer in India alone. This is an obvious challenge, which can be met only by proper analysis and planning, for which your Company is well positioned with the existing cancer care centres and the expansion programme being charted out for India and abroad.

With regard to the financial performance for the year ended March 31, 2017, the consolidated income from operations for FY17 was INR 7,001.1 million as compared to INR 5,841.7 million in the previous fiscal year, reflecting a growth of 19.8%. Operating EBITDA in FY17 was INR 1,050.0 million as compared to INR 847.6 Million in FY16, reflecting a year-on-year increase of 23.9%. EBITDA margin for the year was 15.0% as compared to 14.5% in FY16, reflecting an increase of 50 basis points. PAT in the fiscal year was INR 221.7 million as compared to a loss of INR 14.6 Million in FY16.

The revenue growth was driven by a 19.2% growth from HCG Centres (which includes cancer care centres and multi-specialty hospitals) while the Milann centres grew at 27.8%. HCG Centres constituted 92% of the consolidated revenues for the Company and the remaining 8% was contributed by Milann centres.

The key takeaway from these financial results is that your Company has demonstrated strong growth in revenues, EBIDTA, PAT and margin improvements during the year.

Looking at the operations across centres in India, Karnataka continues to report a steady increase in revenues from international patients. We added new units in Baroda, Visakhapatnam and Kanpur during the fiscal year. Gulbarga and Bhavnagar are exhibiting the fastest growth within the Company. Baroda, a comprehensive cancer care hospital, that started in May 2016 is performing well. Additionally, we have many new centres in the pipeline. Under Milann, we added new centres in Delhi, Chandigarh and Mumbai in the current fiscal.

We remain steadfast in our vision of making HCG a best-in-class cancer care provider, an institution of excellence, which operates on the principles of quality and ethics. Across our network, we leverage our learnings to build synergy and optimize cost that provides the finest medical service for the ultimate benefit of the patient.

HCG, by expanding and deepening its footprint of network hospitals has helped us touch an increasing number of lives during the year across the globe; the Company continues to strive towards improving the value proposition for the patients and society at large.

While our growth has been exciting, HCG continues to actively participate in awareness programmes with a focus on the early detection of cancer as well as a long-term control of the disease. We are proud to say that we have published articles in leading publications as well as work on research in molecular genomics and clinical trials.

We have put together a talented and formidable leadership team across markets, adding significant experience, depth and bandwidth to our system. Our line-up of professionally respected doctors and clinical staff include some of the best available medical talent globally, an asset few organizations in the medical delivery space can claim. We also have dedicated teams to constantly monitor technological innovations and medical advances to keep abreast of the latest developments in cancer care globally. The Company has used technology to create tumour boards, virtual tumour boards and multi-disciplinary clinics.

Our other area of expertise lies in managing infertility through 'Milann' – our network of fertility clinics. Nearly 28 million couples seeking children in India are affected by infertility. However, only 1% of them are seeking treatment. In 2015, the total demand for IVF cycles, primarily used for treatment of infertility, was 100,000, and is expected to touch 260,000 by 2020 at a compound annual growth rate (CAGR) of over 20 per cent.

We recognized this need ahead of time and ventured into the fertility services under the brand name of Milann. I am happy to report that during the reporting year, the number of centres under Milann increased significantly.

We are working diligently to maintain and strengthen our leadership position in oncology and fertility. We are confident of doing so due to the clinical expertise we house in terms of our talent.

Our focus is clear: execute all our projects in a timely manner, significantly upgrade our information technology infrastructure in order to enhance the quality of care delivered to patients, enhance our clinical best practices and strengthen our research capabilities.

The future of oncology care will be high precision medicine and we are well positioned to be leaders in this.

Achieving all of this has been a dream come true. For HCG, however, the journey has only begun. We remain steadfast in our vision of making HCG a best-in-class cancer care provider - an institution of excellence that operates on the principles of quality and ethics; a network that leverages learning across geographies, builds synergies to optimize cost and provides the finest medical service to the ultimate benefit of the patient. This vision positions us as thought leaders in an industry, where the gap between demand for quality cancer care and the facilities to meet that demand remains enormous. We recognize this opportunity and are working towards becoming the global institution of choice for cancer care.

I am excited about the journey and what is in store for HCG. I believe that HCG's best days are yet to come.

I wish to place on record our appreciation and acknowledge with gratitude the support extended by our Board of Directors, management team, employees, advisors, bankers, investors and other stakeholders at large, medical fraternity and patients for their continued trust reposed in our institution.

On behalf of the entire Board of Directors of the Company, I would like to thank you – our valued stakeholders – for the continuing confidence you have placed in the organization.

Best regards,

Dr. B.S. Ajaikumar
Chairman & CEO

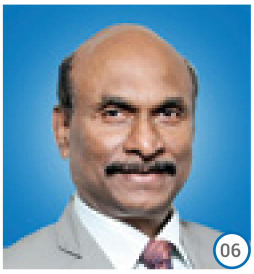
How far does a songbird need to fly to keep on singing? About 3,000 kms.

Excellence in cancer care that draws patients from around the world.

A rare tumour in the brain was threatening to still the angelic voice of Seraphine Moipei, part of the Nairobi-based Moipei Quartet.

Seraphine flew to HCG's Centre of Excellence in Bangalore, where a team of specialists harnessed Cyberknife robotic radio-surgery to target the tumour with pin-point precision. For Seraphine, it is back to hitting the high notes. Thanks to specialists at HCG.

Brief biographies of Directors



01. Dr. B.S. Ajaikumar is the Chairman and Chief Executive Officer of our Company. He has been a Director of our Company since March 7, 2000. He was re-appointed as the Chief Executive Officer with effect from July 1, 2015. He holds a Bachelor's Degree in Medicine and Surgery from St. John's Medical College, Bangalore, India. He completed his Residency in Oncology from the University of Virginia Hospital, Charlottesville and his Residency in Radiotherapy from the University of Texas System Cancer Centre, MD Anderson Hospital and Tumour Institute, Texas, United States of America. He has been awarded the Ernst and Young Entrepreneur of the Year Award for the start-up category in healthcare and the BC Roy Award by the Indian Science Monitor. He has also been awarded the CII Regional Emerging Entrepreneurs Award for the contribution made by our company in the field of healthcare.

02. Gangadhara Ganapati is a Non-Executive Director of our Company. He has been a Director of our Company since December 21, 2005. He holds a Bachelor's Degree in Mechanical Engineering from the Indian Institute of Technology, Madras, and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He also holds a Master's Degree in Business Administration from the Wharton School, University of Pennsylvania. In the past, he has worked as the Managing Director of Adamas India Pharmaceuticals Private Limited, and as Vice President, Corporate Development of Neuro Molecular Pharmaceuticals, Inc. He founded Triesta Sciences, Inc. and served as its Chief Executive Officer from 2002 until 2006. He served in the Tata Administrative Service at Tata Industries Limited from 1990 to 1994.

03. Sudhakar Rao is a Non- Executive, Independent Director of our Company. He has been a Director of our Company since February 25, 2015. He holds Master's Degree in Arts from the Delhi University and a Master's Degree in Public Administration from the Kennedy School of Government, Harvard University. He is a retired Indian Administrative Service Officer and he has held several posts in the government including the post of the Chief Secretary to the Government of Karnataka. He has previously been a Director on the boards of Indian Oil Corporation Limited and Binani Industries Limited. He has been awarded the Kannada Rajyotsava Award by the Government of Karnataka.

04. Shanker Annaswamy is a Non-Executive, Independent Director of our Company. He has been a Director of our Company since February 25, 2015. He holds a Bachelor's Degree in Electronics and Communication Engineering from Madras University and a Diploma in Management from the All India Management Association, New Delhi. He is experienced in the field of business management. In the past he has been the Managing Director of IBM India Private Limited, and the Regional General Manager of IBM in India/South Asia. He has also been the President and Chief Executive officer of GE Medical Systems, South Asia and the Managing Director of Wipro-GE Medical Systems. He was an elected member of NASSCOM's Executive Council in the past and he has held the position of the

Chairman of the National Committee of IP Owners (Confederation of Indian Industry) in 2010 and co-chaired the Confederation of Indian Industry's National Innovation Mission in 2007. In 2009, Business Week magazine listed him as one of India's 50 Most Powerful People. In October 2011, Mr. Annaswamy has received a leadership award at the Forbes India Leadership Awards.

05. Sampath Thattai Ramesh is a Non-Executive, Independent Director of our Company. He has been a Director of our Company since May 29, 2015. He has also been awarded a Doctor of Letters in Management from the University of Tumkur. He is a retired civil servant who served in the Karnataka Police Department and the Government of India. He was the former Director General and Inspector General of Police, Karnataka. He has also been the Chairman of the National Road Safety Committee on Enforcement. He has received the President's Police Medal for Meritorious Service in 1995 and the President's Police Medal for Distinguished Service in 2007.

06. Suresh Chandra Senapaty is a Non-Executive, Independent Director of our Company. He has been a Director of our Company since May 29, 2015. He holds a Bachelor's Degree in Commerce from Utkal University and is a member of the Institute of Chartered Accountants of India. He has held several positions at Wipro Limited including that of the Chief Financial Officer. He has also been a Director of Wipro Corporation, Wipro GE Healthcare and Wipro Enterprises Limited.

07. Bhushani Kumar is a Non-Executive, Independent Director of our Company. She has been a Director of our Company since May 29, 2015. She holds a Bachelor's Degree in Science from the University of Mysore, a Bachelor's Degree in Law from Bangalore University and a Master's Degree in Law from Bangalore University. She is presently the Secretary at Women's Peace League, Basavanagudi, Bangalore.

08. Dr. Amit Varma is a Non-Executive Director of our Company. He has over 25 years of Private Equity, strategic & operational leadership and board level experience in healthcare organizations across USA, Asia and Australia. He is the co-founder and Managing Partner of Quadria Capital, one of Asia's largest healthcare private equity firms, with assets under management exceeding USD1.5 billion and focused on investing in the healthcare sector across South and Southeast Asia. Dr. Varma is also the sponsor of Healthquad, a healthcare focused Venture Capital firm investing in technology backed companies in India, and spearheaded India Build Out Fund, USD100 million Healthcare and Education focused domestic Private Equity Fund. He has co-led the deployment of RHC Principal, a USD 700 million principal pool of capital, across various healthcare sub sectors in Asia. He is a renowned Critical Care Medicine Physician and continues to practice as a critical care physician on a part-time basis. Previously, he has been associated with Fortis Healthcare, Narayan Hrudayalaya and Manipal Heart Foundation. He has also served as an adjunct professor at the University of Pittsburgh and the Cleveland Clinic. He has completed his M.B.B.S., M.D. from the University of Delhi, India, and super-specialty medicine training from the University of New York and University of Pittsburgh, USA. He had attended MBA courses at the University of Chicago, USA.

09. Dr. B.S Ramesh is a Non-Executive Director of our Company. He is one of the promoters of the Company. He has completed his MBBS from Bangalore University, holds a degree of Doctor of Medicine (Radio Therapy), a post graduate diploma in Radio Diagnosis from Bangalore University and a Post Graduate Diploma in Medical Law and Ethics from the National Law School of India University, Bengaluru. He is experienced in the field of radiation oncology. He has worked as a consultant in the department of radio therapy at Sri Devaraj Urs Academy of Higher Education and Research and a professor of Radio Therapy at the MS Ramaiah Medical College, Bengaluru. He was the chairman of the Indian College of Radiation Oncology between 2010 and 2012 and the president of the Association of Radiation Oncologists of India between 2012 and 2014. He has also been the secretary of the Bangalore branch of the Indian Medical Association between 1980 and 1981. He has been awarded the IMA Community Service Award for Individuals by the Indian Medical Association in 2012. He is presently a director on the boards of some of the subsidiaries of the Company.

Director's Report

DEAR MEMBERS,

Your Directors have great pleasure in presenting the Nineteenth Annual Report of your Company together with the Audited Standalone and Consolidated Financial Statements and the Auditors' Report thereon for the financial year ended March 31, 2017. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Financial Results:

The highlights of consolidated financial results of your Company and its subsidiaries; and your Company as a standalone entity are as follows:

Consolidated	2016-17 (INR in millions)	2015-16 (INR in millions)
Income from operations	7,001.1	5,841.7
Total Expenditure excluding Depreciation, Interest cost, tax and exceptional items	5,951.2	4,994.1
Profit before other income, Depreciation, Interest cost, tax and exceptional items	1,050.5	847.6
Other income	96.7	39.9
Depreciation, Finance Charges and exceptional items	798.2	884.8
Profit before tax	348.4	2.7
Profit after tax before share of profit of minority interest	230.4	22.4
Standalone		
Income from operations	5,387.8	4,711.3
Total Expenditure excluding Depreciation, Interest cost, tax and exceptional items	4,537.6	4,073.4
Profit before other income, Depreciation, Interest cost, tax and exceptional items	850.2	638.0
Other income	**72.2**	**33.9**
Depreciation, Finance Charges and exceptional items	571.2	758.2
Profit/(Loss) before tax	351.2	(86.4)
Profit/Loss after tax	235.2	(47.3)

2. Performance Overview

CONSOLIDATED OPERATIONS:

The consolidated income from operations for FY 2016 - 17 was INR 7,001.1 million as compared to INR 5,841.7 million in the previous fiscal year, reflecting a growth of 19.8%. EBITDA in FY 2016- 17 was INR 1,050.5 million as compared to INR 847.6 million in FY 2016-17, reflecting a year-on-year increase of 23.9%. EBITDA margin for the year was 15.0% as compared to 14.5% in FY 2015-16, reflecting an increase of 50 basis points. PAT (after minority interest) in the fiscal year was INR 221.7 million as compared to a loss after tax of INR 14.6 million in FY 2015-16.

The revenue growth was driven by 19.2% growth from HCG Centres (including the multi-specialty hospitals) while the Milann centres contributed growth of 27.8%. HCG Centres constituted 92% of the consolidated revenues for the Company and the remaining 8% of the consolidated revenue was contributed by Milann Centres.

STANDALONE OPERATIONS:

The Company ended the year FY 2016-17 with income from operations of INR 5,387.8 million as compared to INR 4,711.3 million, reflecting an increase of 14.4% compared to the previous fiscal year. Our EBITDA before exceptional items for FY 2016-17 was INR 850.2 million with EBITDA margin of 15.8%.

3. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards ("Ind AS") applicable to certain class of companies. Ind AS has replaced the existing GAAP prescribed under Section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For HCG Group, Ind AS is applicable from April 01, 2016, with a transition date of April 01, 2015 and IGAAP as the previous GAAP.

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note 3 in the notes to accounts in the standalone and consolidated financial statements.

4. Business and Strategy:

4.1 BUSINESS:

The Company is a provider of speciality healthcare in India focused on cancer and fertility. Under the "HCG" brand, we operate the largest cancer care network in India in terms of the total number of private cancer treatment centres licensed by the AERB. Each of our comprehensive cancer centres offers, at a single location, comprehensive cancer diagnosis and treatment services (including radiation, medical oncology and surgical treatments). Our freestanding diagnostic centres and our day care chemotherapy centre offer diagnosis and medical oncology services, respectively.

In our HCG network, our specialist physicians adopt a technology-focused approach to diagnosis and treatment. For instance, we use advanced technologies, including molecular pathology and molecular imaging for accurate diagnosis and staging of cancer, which enable us to decide upon the appropriate course of treatment for each patient. We also utilise targeted nuclear medicine therapies as well as advanced radiation treatments to minimise side effects and improve the outcome of treatments. By ensuring that we adopt these diagnostic and treatment technologies throughout our HCG network, we are able to provide consistent quality of care to all patients.

Given the large number of patient cases treated across our HCG network, we believe that we are able to efficiently utilise our equipment, technologies and human resources, thereby deriving economies of scale. Furthermore, through the adoption of a centralised drug and consumables formulary, we are able to lower the overall cost of drugs and consumables. We believe that our business model is scalable and when combined with efficient utilisation of resources, it enables us to operate within a competitive cost structure.

We also provide fertility treatment under our Milann brand. Our Milann fertility centres provide comprehensive reproductive medicine services, including assisted reproduction, gynaecological endoscopy and fertility preservation; and follow a multidisciplinary and technology-focused approach to diagnosis and treatment. Our Milann network also operates on a model similar to our HCG network, wherein the various Milann fertility centres aim to provide medical services following established protocols with a focus on quality medical care across diagnosis and treatment.

Under our Triesta brand, we provide clinical reference laboratory services in India with a specialisation in oncology, including molecular diagnostic services and genomic testing. Our Triesta central reference laboratory is located in our centre of excellence in Bengaluru. Our Triesta central reference laboratory is accredited by NABL in India, as well as by CAP for quality assurance of laboratory tests performed. Additionally, Triesta offers research and development services to pharmaceutical and biotechnology companies in the areas of clinical trial management and biomarker discovery and validation. Triesta is led by a team of specialist oncopathologists, molecular biologists and clinical researchers. We believe that Triesta is well-positioned to leverage the wide variety of patient cases across our HCG network to develop its capabilities and business.

4.2 NEW CANCER CARE CENTRES:

a) HCG Pinnacle Cancer Centre: In April 2016, HCG launched its first cancer centre in Visakhapatnam, under its subsidiary company, HCG Pinnacle Oncology Private Limited. HCG Pinnacle Cancer Centre has a capacity of upto 88 beds and provide high quality and comprehensive cancer care services. With the commencement of operations of the centre at Visakhapatnam, the Company has expanded its presence in Andhra Pradesh to three centres along with Ongole and Vijayawada. HCG Pinnacle Cancer Centre is the only centre in the State of Andhra Pradesh with a True Beam installation and is the most advanced and comprehensive cancer care centre. The centre is also equipped with 16 slice PET CT machine Discovery IQ from GE which enables effective cancer diagnostics.

b) HCG Cancer Centre, Baroda: The Company in May 2016 has launched its new advanced comprehensive cancer centre in Baroda, under its subsidiary, HCG Oncology LLP. The Centre has a bed capacity of 65 beds and is one of the most advanced in terms of technology in the HCG network. The centre is HCG's second comprehensive cancer centre in the state of Gujarat with Ahmedabad. The new centre features several advanced technologies such as the TrueBeam Radiotherapy system, PET-CT for radiotherapy planning and diagnosis, TrueBeam minimally invasive surgery system as well as an integrated cloud hosted oncology IT system.

c) HCG Manavata Cancer Centre: HCG has expanded its operations in Nashik in March 2017. The Company had established the first comprehensive cancer centre in Nashik in 2008. The centre has 65 beds offering advanced diagnostics, radiation, medical and surgical oncology. The upgraded centre in a new building has additional 90 beds featuring advanced radiation therapy, multi-disciplinary team of oncologists including sub specialists, bone-marrow transplant unit. The new centre is expected to commence operations later in 2017. Also, the centre which was operating under HCG, is moved into a new legal entity, named HCG Manavata Oncology LLP, which is owned by HCG and Dr. Rajnish Nagarkar in the ratio of 51:49 respectively.

d) Cancer Care Kenya, Nairobi: HCG through its subsidiary HCG Kenya has signed definitive agreements in March 2017 to acquire a majority stake in Cancer Care Kenya (CCK) a leading cancer care centre in Nairobi, Kenya, subject to review and approval by the Competition Authority of Kenya (CAK) and other requisite approvals. CDC, the development finance institution of UK Government, which has partnered with HCG for Africa investments, would partner with HCG through HCG Kenya an off-shore subsidiary for the acquisition. MP Shah Hospital, a leading tertiary care hospital in Kenya, will also participate in the transaction. HCG Kenya has received necessary approvals from CAK in May 2017, for the acquisition.

   CCK, which started operations in 2010, is the first private comprehensive cancer centre in Kenya. CCK treats over a thousand patients annually including over two hundred patients from other African nations. CCK's team includes internationally trained radiation, medical and surgical oncologists, physicists, radiation technicians and oncology nurses.

e) HCG Regency Cancer Centre, Kanpur: In May 2017, HCG launched its first cancer centre in Kanpur, the largest city in the state of Uttar Pradesh, under its subsidiary company, HCG Regency Oncology Healthcare Private Limited. HCG Regency Oncology Centre is equipped with 90 beds and features advanced radiation therapy, a multi-disciplinary team of oncologists including sub-specialists, as well as the first PET-CT and bone marrow transplant unit.

4.3 STRATEGY:

a) Expand the reach of our cancer care network in India:
   We plan to expand its network in India by establishing new cancer centres across India and by expanding the capacity and service offering of the existing HCG cancer centres. We carry out a competitive assessment of the markets in which HCG plans to expand the network based on a number of factors, including the estimated incidence of cancer in the primary and secondary catchment population, the number of comprehensive cancer centres, if any, in the catchment; the average distance patients have to travel to avail of such comprehensive cancer care; affordability of healthcare generally and cancer care in particular; and the available third party payer options, whether corporate, government or private insurance. HCG will continue to expand its network through green field projects, partnership arrangements and acquisitions; and affirmed that the past experiences will aid the Management in identifying potential opportunities in the future and assist HCG in integrating new cancer centres into the existing HCG network.

b) Strengthen our HCG brand to reach more cancer patients
   We believe that our HCG brand distinguishes us from our competitors. As we establish new comprehensive cancer centres across India, we plan to invest in building our brand, enhancing our market presence, brand image and visibility. We intend to strengthen our patient support groups comprising cancer survivors to further spread awareness of cancer screening and to educate patients regarding cancer treatment options and their relative outcomes and benefits. Through these initiatives, we seek to further strengthen our brand and our commitment to the community, cancer patients and their families.

c) Expand our cancer care network overseas
   We believe that despite the growing incidence of cancer, there is a shortage of cancer centres in many countries in Africa. As a result, patients suffering from cancer often travel outside the region at a significant cost for availing quality cancer care, including to our comprehensive cancer centres in India. In the past, we have experienced an increase in the number of patients travelling from Africa and other regions to our centre of excellence in Bengaluru, as well as to our other comprehensive cancer centres in India for cancer treatment. We believe that this growing demand presents us with an opportunity to establish a network of speciality cancer centres in Africa. In addition, we periodically and selectively evaluate partnering opportunities in countries in the Middle East and South and Southeast Asia.

d) Upgrade and strengthen our information technology infrastructure
   We are in the process of significantly upgrading our information technology infrastructure in order to enhance the quality of care delivered to patients and to further enhance our clinical best practices and research capabilities. Our planned information technology infrastructure will be based on a private cloud-computing system and will encompass a centralised EMR system seamlessly integrated with various other centralised systems including HIS and ERP system. We believe that the implementation of these information systems will maximise efficiencies through the greater integration of our network and help us fine tune protocols through knowledge sharing and collaboration. Further, we believe that these initiatives will enhance our ability to conduct longitudinal research studies (which are long-term observational research studies), and associate clinical outcomes with mutation and other genomic findings in cancer patient tissues maintained at our biorepository. We believe that this will position us as a partner of choice for cancer researchers and academia.

e) **Expand our Milann network of fertility centres across India and strengthen Milann brand**

We believe that in expanding our Milann network, we are well-positioned to leverage HCG's successful track record of growing through partnerships with specialist physicians and hospitals, as well as our relationship base within the medical community.

We intend to invest in building our Milann brand through targeted media campaigns focusing on building patient awareness of fertility treatment primarily through patient testimonials and socially relevant messages. We also intend to undertake community outreach programmes, strengthen our patient support groups and undertake other awareness building activities among corporate entities. In addition, we intend to undertake various direct consumer marketing activities, including advertising in print, television, outdoor and digital media.

5. Management Discussion and Analysis Report

In terms of regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report on the Company's financial and operational performance, industry trends, business outlook and Initiatives and other material changes with respect to the Company and its subsidiaries, wherever applicable, are presented in separate section which forms part of the Annual Report.

6. Transfer to reserves

There are no appropriations to/from the General reserves of the Company during the year under review.

7. Dividend

Keeping in view the growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus do not recommended any dividend for the financial year under review.

As per Regulation 43A of the SEBI Listing Regulations, the Company has adopted Dividend Distribution Policy setting out the parameters and circumstances that will be taken into account by the Board in determining the distribution of Dividend to the Shareholders and/or retaining profits earned by the Company. The highlights of the Policy is enclosed as Annexure 7 to the Board's Report and is also available on the website of the Company (www.hcgel.com).

8. Transfer of unpaid and unclaimed amount to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend and refund of share application money due for refund which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend/ unclaimed account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. During the year, no amount was due for transfer to IEPF.

9. Consolidated financial statements

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, the Company has started following the Indian Accounting Standards (Ind AS) for preparation of its financial statements from April 1, 2016. The financial statements, both standalone and consolidated, for the financial year ended March 31, 2016 have also been restated accordingly.

10. Subsidiaries and Associates

We, along with our subsidiaries and Associates, provide speciality healthcare focused on cancer and fertility.

As on March 31, 2017, the Subsidiaries and Associate Companies of the Company are as under, of which none are material subsidiaries.

Sl. No.	Name of the entity	Country of Incorporation	% of ownership held by the Company as at March 31, 2017
A	HCG Medi-Surge Hospitals Private Limited	India	74.00%
B	Malnad Hospital & Institute of Oncology Private Limited	India	70.25%
C	HealthCare Global Senthil Multi Specialty Hospitals Private Limited	India	100.00%
D	Niruja Product Development And Healthcare Research Private Limited (name changed with effect from November 10, 2016 from MIMS HCG Oncology Private Limited)	India	100.00%
E	BACC Healthcare Private Limited	India	50.10%
F	HCG Regency Oncology Healthcare Private Limited	India	51.00%
G	HCG Pinnacle Oncology Private Limited	India	50.10%

Sl. No.	Name of the entity	Country of Incorporation	% of ownership held by the Company as at March 31, 2017
H	HealthCare Diwan Chand Imaging LLP	India	75.00%
I	APEX HCG Oncology Hospitals LLP	India	50.10%
J	HCG NCHRI Oncology LLP	India	76.00%
K	HCG Oncology LLP	India	74.00%
L	Strand-Triesta Cancer Genomics LLP	India	30.00%
M	HCG EKO Oncology LLP	India	50.50%
N	HCG Manavata Oncology LLP (incorporated on August 10, 2016)	India	51.00%
O	DKR Healthcare Private Limited (formerly Parenthood Healthcare Private Limited) 100% subsidiary of BACC Healthcare Private Limited, which is subsidiary of the Company	India	50.10%
P	HCG (Mauritius) Pvt. Ltd.	Mauritius	100.00%
Q	Healthcare Global (Africa) Pvt. Ltd.	Mauritius	100.00%
R	HealthCare Global (Uganda) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Uganda	100.00%
S	HealthCare Global (Kenya) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Kenya	100.00%
T	HealthCare Global (Tanzania) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Tanzania	100.00%

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013 read with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable accounting standards, the consolidated financial statements of the Company, prepared in accordance with the relevant accounting standards specified under Section 133 of the Companies Act, 2013 read with the rules made there under, forms part of this Annual Report.

Further, pursuant to the provisions of Section 136 (1) of the Companies Act, 2013:

a) The Annual Report of the Company, containing therein its standalone and consolidated financial statements, is placed on the website of the Company, being www.hcgel.com.

b) The audited financial statements of subsidiary companies are posted on the website of the Company, being www.hcgel.com.

A statement containing the salient features of the financial statements of the subsidiary companies in Form AOC-1 is annexed herewith as "Annexure 6" and forms part of the Report as per provisions of the Section 129(3) of the Companies Act 2013.

10.1 SUBSIDIARIES INCORPORATED DURING THE FINANCIAL YEAR

HCG Manavata Oncology LLP. HCG Manavata Oncology LLP was incorporated on August 10, 2016, under The Limited Liability Partnership Act, 2008 as a limited liability partnership firm. The Partners of the LLP are HCG and Dr. Rajnish Nagarkar, in the capital contribution ratio of 51:49, respectively. HCG Manavata Oncology LLP is authorised to primarily engage in the business of setting up hospitals at Nashik, Maharashtra with high end linear accelerators, pharmacy and matters incidental and ancillary thereto.

10.2 CHANGES IN THE SHAREHOLDING IN THE SUBSIDIARIES DURING THE FINANCIAL YEAR

HCG NCHRI Oncology LLP. During the year under review, the percentage of holding of the Company in HCG NCHRI Oncology LLP, subsidiary has increased from 51% to 76%.

10.3 DISINVESTMENTS MADE BY THE COMPANY DURING THE FINANCIAL YEAR

The Company has not made any disinvestments during the Financial Year.

11. Public deposits

Your Company has not accepted any deposits from public in terms of Section 73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

12. Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), disclosure on particulars relating to Loans/advances given, guarantees provided and investments made are provided as part of the financial statements.

13. Related party transactions

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at www.hcgel.com. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on yearly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at arm's length.

All Related Party Transactions entered during the year were in ordinary course of the business and at arm's length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

Disclosures as required under Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in Form AOC 2 as specified under Companies Act, 2013, which is annexed herewith as "Annexure 5" and forms part of the report.

14. Initial Public Offer

During the year 2015-16, the Company had completed its Initial Public Offering of 29,800,000 equity shares of INR 10 each, comprising of Fresh Issue of 11,600,000 equity shares and Offer for Sale of 18,200,000 equity shares at a premium of INR 208 per equity share. The total issue size was INR 6496.4 million. The shares got listed on the National Stock Exchange of India Limited and BSE Limited on March 30, 2016.

The proceeds of the initial public offer are proposed to be utilized for the following purposes:

1. Purchase of medical equipment
2. Investment in IT software, services and hardware
3. Pre-payment of debt; and
4. General Corporate Purposes

During the year under review, the Company has not deviated in utilizing the proceeds of issue.

15. Share capital

a) Authorized Share Capital: There is no change in the authorized share capital of the Company during the year. As on the date of this report, the authorized share capital of the Company is INR 1,270,000,000 consisting of 127,000,000 equity shares of INR 10 each.

b) The Issued, Subscribed and Paid-up Share Capital of the Company has increased from INR 850,759,860 consisting of 85,075,986 equity shares of INR 10 each to INR 857,129,860 consisting of 85,712,986 equity shares of INR 10 each during the year.

The increase in the Issued, Subscribed and Paid-up Share Capital was on account of allotment of shares to employees pursuant to ESOP 2014.

16. Number of meetings of the Board

The Board met four times during the financial year 2016-17 viz., on, May 26, 2016, August 12, 2016, November 10, 2016 and February 8, 2017.

Detailed information regarding the meetings of the Board and meetings of the Committees of the Board is included in the report on Corporate Governance which forms a part of Directors' Report.

17. Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director, in accordance with Section 149(7) of the Companies Act, 2013, that he/she met the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and the Regulation 16(1)(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.The Company has received and taken on record, the necessary declaration from each of the independent directors under Section 149 of the Companies Act, 2013 that they meet with the criteria of their independence.

18. Extract of Annual Return

The extract of the Annual Return of your Company as on March 31, 2017 as provided under sub-section (3) of Section 92 in the Form MGT 9 is annexed herewith as "Annexure 1".

19. Director's Responsibility Statement

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

Pursuant to Section 134 (3) (C) and 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the annual accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

20. Appointment of Directors

The Board of Directors of the Company have appointed Dr. Amit Varma and Dr. Ramesh S. Bilimagga as Additional Directors with effect from November 10, 2016, liable to retire by rotation, who shall hold office till the date of ensuing Annual General Meeting, unless reappointed by the shareholders. The Board of Directors have made necessary recommendation for the appointment of Dr. Amit Varma and Dr. Ramesh S. Bilimagga as Directors of the Company at the ensuing Annual General Meeting.

21. Resignation of Directors

Mr. Prakash Parthasarathy, Non-Executive Director, nominee of PI Opportunities Fund, retired by rotation at the Annual General Meeting held on September 29, 2016 and had not sought for reappointment at the Annual General Meeting. The Board place on record its appreciation for the contribution made by Mr. Prakash Parthasarathy during his tenure as Director of the Company.

Dr. Jennifer Gek Choo Lee, Non-Executive Director, nominee of V-Sciences Investments Pte Ltd, and Mr. Rajesh Singhal, Non-Executive Director, nominee of Milestone Private Equity Fund have resigned from Directorships with effect from August 12, 2016. The Board place on record its appreciation for the contributions made by Dr. Jennifer Gek Choo Lee and Mr. Rajesh Singhal during their tenure as Directors of the Company.

As per the provisions of the Companies Act, 2013, Dr. B. S. Ajaikumar and Mr. Gangadhara Ganapati, Directors of the Company, retire at the forthcoming Annual General Meeting and have sought for reappointment.

22. Key Managerial personnel

Mr. Krishnan S. Subramanian, Chief Financial Officer has resigned from the Company with effect from August 16, 2016. Mr. Yogesh Patel has been appointed as Chief Financial Officer of the Company with effect from October 6, 2016.

The Board hereby places on record its appreciation for the contribution made by Mr. Krishnan S. Subramanian during his tenure as Chief Financial Officer of the Company.

23. Committees of the Board and their constitution

The Board has formed the following five Committees:

1. Audit and Risk Management Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee and
5. Strategy Committee.

Details of terms of reference of the Committees, attendance at meetings of the Committees are provided in the Corporate Governance report. The Company Secretary acts as the Secretary of all the Committees of the Board.

(a) Audit and Risk Management Committee

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers), Rules 2014, the Company has an Audit and Risk Management Committee and the composition of the committee is as under:

1. Mr. Suresh Chandra Senapaty, Chairman
2. Dr. Sudhakar Rao
3. Mr. Shanker Annaswamy

The Audit committee was reconstituted and renamed as the "Audit and Risk Management Committee" by a meeting of the Board of Directors held on May 29, 2015.

(b) Nomination and Remuneration Committee

Pursuant to the requirements of Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers), Rules 2014, the Board of Directors have reconstituted the Nomination and Remuneration Committee on May 29, 2015.

The members of the Nomination and Remuneration Committee are:

1. Mr. Shanker Annaswamy, Chairman
2. Dr. Sampath Thattai Ramesh
3. Mr. Gangadhara Ganapati

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on May 29, 2015. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013.

The members of the Stakeholders' Relationship Committee are:

1. Mr. Gangadhara Ganapati, Chairman
2. Dr. B.S Ajaikumar

(d) Corporate Social Responsibility Committee
The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on May 29, 2015. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder.

The members of the Corporate Social Responsibility Committee are:

1. Dr. Sudhakar Rao, Chairman
2. Dr. Sampath Thattai Ramesh
3. Ms. Bhushani Kumar
4. Dr. B S Ajaikumar

(e) Strategy Committee
The Committee was constituted by our Board of Directors at their Meeting held on May 26, 2016 with the scope of reviewing strategic initiatives; and for having an ooversight of the strategic direction of the Company.

The present members of the Committee are:

1. Dr. B. S. Ajaikumar, Chairman
2. Mr. Gangadhara Ganapati
3. Mr. Suresh Senapaty
4. Mr. Shanker Annaswamy
5. Dr. Amit Varma

24. Board Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board was undertaken. The annual evaluation process covered the evaluation of the Board as a whole, Committees of the Board, Chairperson, Executive and Non- Executive Directors and Independent Directors, and were carried out through a structured questionnaire having qualitative parameters and feedback based on ratings. The Board had, during the year, opportunities to interact and make an assessment of its functioning as a collective body. In addition, there were opportunities for Committees to interact, for Independent Directors to interact amongst themselves and for each Independent Director to interact with the Chairman. The Board found that, there was considerable value and richness in such discussions and deliberations.

The Board Evaluation discussion was focused around how to make the Board and its Committees more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks. The Board discussed various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with Management and what needs to be done to further improve the effectiveness of the Board's functioning.

Additionally, during the evaluation discussion, the Board also focused on the contribution being made by the Board as a whole, through its Committees and discussions on a one on one basis with the Chairman.

The process of Board Evaluation was led by the Chairman of the Nomination and Remuneration Committee. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the period. The Board acknowledged the efforts and contributions made by the Chairperson, Executive and Non- Executive Directors and Independent Directors towards the Company's performance.

The Board also noted that the actions identified in the past evaluation had been acted upon. Subsequent to the evaluation done in the financial year 2016-17, given the changing external environment, some areas have been identified for the Board to engage itself with and these will be acted upon.

25. Risk Management

The Company has put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit and Risk Management Committee advises and guides the Company for taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The Committee reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite. The Committee also recommends changes to the Risk Management Technique and / or associated frameworks, processes and practices of the Company.

For further details on the enterprise wide risk management framework, refer to Management and Discussion Analysis Report forming part of the Annual Report.

26. Corporate Social Responsibility

The provisions of Corporate Social Responsibility ("CSR") under the Companies Act, 2013 were not applicable to the Company for the financial year 2016-17.

However, your Company has been, over the years, pursuing as a part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself and create an environment of partnership for inclusive development.

Over the years, HCG has also been involved in a number of social initiatives to support the community and bring about a positive change in preventive healthcare, through education and awareness building activities. Its CSR programmes are delivered through HCG Foundation, which is committed to providing health services and subsidized medical care to the socially and economically marginalized sections of society.

Free cancer detection and screening camps, Continuous Medical Education (CMEs) are now a regular feature in HCG's community outreach program. We believe that organizational growth is impossible without the sharing and pooling of our knowledge and resources. Best practices are disseminated across our facilities through coordinated CMEs, Continuous Nursing Education (CNEs) and seminars. HCG organizes such continuous education programmes every year.

The CSR Committee has formulated a Corporate Social Responsibility Policy which indicates the activities the Company proposes to undertake as a part of its CSR programme.

27. Internal Control system and their adequacy

The Management has laid down internal financial controls to be followed by the Company. We have adopted policies and procedures for ensuring the orderly and efficient conduct of the business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The internal control system commensurate with the nature of business, size and complexity of operations and has been designed to provide reasonable assurance on the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

As part of the Corporate Governance Report, CEO/ CFO certification is provided, for assurance on the existence of effective internal control systems and procedures in the Company.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and supports a continuous improvement program. The internal audit program is managed by an Internal Audit function and the Audit and Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Audit and Risk Management Committee of the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology. The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively.

28. Vigil Mechanism for Directors and employees

Section 177(9) of the Companies Act, 2013, mandates every listed company or such class of companies as may be prescribed to establish a Vigil mechanism for its Directors and employees, which shall function as a channel for receiving and redressing of employees' complaints and shall be operated by the Audit and Risk management committee. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases.

Under this policy, we encourage our employees to report their genuine concern of any conduct that results in violation of the ethical behaviour, or to report any act, if not conducted in a fair, transparent manner thereby compromising professionalism, honesty and integrity (on an anonymous basis, if employees so desire).

Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the said investigation. No individual in the Company has been denied access to the Audit and Risk Management Committee or its Chairman.

This meets the requirement under Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations.

Mechanism followed under the process is appropriately communicated within the Company across all levels and has been displayed on the Company's intranet and website at www.hcgel.com. The Audit and Risk Management Committee periodically reviews the functioning of this mechanism.

29. Company's Policy on Appointment and Remuneration of Directors

As on March 31, 2017, the Board consists of 9 members, of which 5 Directors are Independent Directors and 3 are Non-Executive Directors. Dr. B. S. Ajaikumar, Chairman & CEO is the only Executive Director on the Board.

An appropriate mix of Executive and Independent Directors ensures greater independence of Board. The Company has been following well laid down policy on appointment and remuneration of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel.

The remuneration of Executive Director comprises of fixed remuneration and variable pay, based on performance and adheres to the applicable provisions of the Companies Act, 2013 read with relevant rules as detailed in Corporate Governance Report which forms a part of this report.

The remuneration of Independent Directors comprises of sitting fees which is paid for attending the meetings of the Board and the Committees of the Board in accordance with the provisions of Companies Act, 2013.

The Policy of the Company on the Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of section 178 of the Companies Act, 2013, is available on our website www.hcgel.com. We affirm that the remuneration paid to Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

30. Particulars of employees

The information required in terms of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 for the year ended March 31, 2017 is provided as Annexure 4 to this Report.

A statement containing, inter alia, names of employees employed throughout the financial year and in receipt of remuneration of INR 12 million or more, employees employed for part of the year and in receipt of INR 1 million or more per month, pursuant to Rule 5(2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also provided in Annexure 4 to this report.

31. Significant and Material orders

During the period under report, there have been no material or significant orders passed by the Regulators/Courts which would have an impact on the going concern status and operations of the Company in future.

32. Statutory Auditors

Under Section 139 of the Indian Companies Act, 2013 and Rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the said section.

Since the tenure of M/s. Deloitte Haskins & Sells, as Statutory Auditors would come to an end with the conclusion of the ensuing Annual General Meeting (AGM), and cannot be reappointed as Statutory Auditors at the AGM, the Audit and Risk Management Committee have recommended and the Board of Directors, subject to the approval of the shareholders have approved the appointment of M/s. B S R & Co. LLP (Firm Registration No. 101248W/W-100022) as Statutory Auditors on February 08, 2017, for a term of 5 years commencing from the conclusion of the Annual General Meeting of the Company scheduled to be held on August 10, 2017, till the conclusion of the Annual General Meeting to be held in the year 2022. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements for the year.

The Company has also received a confirmation from M/s. B S R & Co. LLP, Chartered Accountants, Bangalore, to the effect that their appointment, if made, at the ensuing Annual General Meeting, would be within the limits as mentioned in the provision of Section 141 of the Companies Act, 2013 and are eligible to be appointed.

Suitable resolution in this regard has been recommended by the Board of Directors of the Company for the consideration and approval of the shareholders at the ensuing AGM.

33. Auditors' Report

There are no qualifications, reservations or adverse remarks made by M/s Deloitte Haskins & Sells, Statutory Auditors in their report for the financial year ended March 31, 2017; and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit and Risk Management Committee during the year under review.

34. Material changes and commitments, if any, affecting the financial position of the company occurred between the end of the financial year to which these financial statements relate and the date of the report:

There are no other material changes affecting the financial position of the Company between the end of the financial year to which this financial statements relate and the date of the report.

35. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed Mr. V Sreedharan, Partner, M/s V Sreedharan & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended March, 31, 2017. The said Report of the Secretarial Audit in Form MR 3 is annexed herewith as "Annexure 2" and forms part of the report.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor of the Company, in their Secretarial Audit Report.

36. Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost records maintained by the Company in respect of its hospital activity is required to be audited. Your Directors had, on the recommendation of the Audit and Risk Management Committee, appointed M/s. M. Thimmarayaswamy & Co., Cost Accountants to audit the cost records of the Company for the Financial Year 2016-17.

Cost Audit Report for the financial year ended 31st March 2016 has been duly filed with the Registrar of Companies.

37. Particulars regarding Conservation of energy, Technology absorption and Foreign exchange earnings and outgo as per Section 134(3)(m) of the Companies Act, 2013.

Conservation of energy: The operations of your Company are not energy-intensive. However, significant measures are being taken to reduce energy consumption by using energy efficient equipment. The Company has taken initiatives to conserve energy and consume less energy.

Your Company constantly evaluates and invests in new technology to make the infrastructure more energy efficient. As the cost of energy forms a very small portion of the total costs, the financial implications of these measures are not material.

Technology absorption: Over the years your Company has brought into the country the best and the world class equipments for the treatment of cancer.

Being at the forefront in the fight against cancer involves pioneering innovative treatments, methods and the introduction of industry-changing technologies that benefit both the medical expert and the patient. HCG has led the march against cancer and set benchmarks in the industry by introducing many new technologies like TrueBeam, CyberKnife, Da Vinci - Robotic Surgery and Tomotherapy. Most of these equipments are imported.

The Company has a dedicated team of technically competent personnel who relentlessly work on technology upgradation and development related fields. Your Company also deploys its resources from time to time and imparts necessary training to keep abreast of the continuously changing technology.

Research and Development:

The Research and Development is intellectual property driven accelerated bridge between basic research and clinical implementation through high quality translational research to understand disease pathogenesis, translate such knowledge into improvements in patient care and set new paradigm in personalized medicine era through biospecimen banking. Putting a step forward for comprehensive cancer care, the R&D focusses on high end molecular diagnostics, genomics and other high end technologies and platform to identify and utilize genetic variability in cancer and genetic make-up of the individual to formulate personalized therapeutic approaches that would enable maximum efficacy with a concomitant improvement in patient quality of life.

As a comprehensive cancer hospital dedicated to transforming cancer care, HCG is at the forefront of cancer research, ensuring our patients have access to cutting edge treatments that deliver the best possible outcomes. We are focused on delivering patient-centred care through clinical, academic and research excellence. Medicine is constantly evolving. To ensure we remain at the forefront of the latest approaches to cancer care and treatment, we have dedicated research teams onsite that focus on medical physics, radiation oncology, radiotherapy, medical oncology, as well as an integrated clinical trials department. This provides the opportunity for our patients and team members to get involved in vital research, including the trial of new drugs, devices and other treatment techniques.

Triesta R&D offers the following range of services for Pharma, biotech, CRO and diagnostic companies engaged in drug discovery, drug development, biomarker discovery and companion diagnostics development:

- Targeted Gene sequencing
- Exome sequencing services
- Tumor profiling services
- Enriched Clinical trial
- Pharmacogenomics - Enable pharma in drug development
- Biomarker Validation
- Companion diagnostics

Our research is focused on the discovery of clinically relevant gene signatures to bring novel biomarkers of diagnostic, prognostic and predictive value in cancer patients. We also carry out research on areas where an understanding of intracellular signalling mechanisms has the potential to yield breakthrough-targeted therapeutics. R&D team has successfully written Investigator Initiated Research (IIR) projects for extramural grants. Triesta is actively publishing research papers, case studies, abstracts in international & national forums like ASCO, AACR and Indian Cancer Congress. Having access to well annotated and high quality clinical samples of various cancer types, Triesta is the preferred partner for global pharma companies, academia, diagnostic companies, venture & technology groups for oncology research and clinical projects.

Foreign exchange earnings and outgo: The details of Foreign Exchange Earnings and Outgo during the year ended March 31, 2017 vis a vis during the year ended March 31, 2016 is as under.

Particulars	For the year ended (INR)	
	March 31, 2017	March 31, 2016
Expenditure in Foreign Exchange		
Interest	2,841,133	5,014,116
Travel expenses	10,833,830	20,859,873
Repairs and maintenance: Machinery	23,205,150	19,153,402
Professional charges	24,600,351	21,676,217
Business promotion expenses	1,927,913	1,681,885
Total	63,408,377	68,385,493
Imports		
Capital Goods	20,978,447	435,057,602
Consumables	15,495,448	17,753,402
Earnings in foreign exchange		
Medical service income	361,565,939	356,380,654

38. Prevention of Sexual Harassment Policy

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2016-2017, two complaints were received at a group level and the same were investigated and resolved as per the provisions of the Act. There were no complaints pending as on March 31, 2017.

In order to build awareness in this area, the Company has been conducting programmes in the organisation on a continuous basis.

39. Green initiative

As a green initiative in corporate governance, Ministry of Corporate affairs have permitted companies to send electronic copies of Annual Report, notices, etc., to the e-mail IDs of shareholders who have registered their e-mail id either with their Depository Participants or with the Company/Registrars. We are accordingly arranging to send soft copies of these documents to the e-mail IDs of shareholders available with us.

In case any of the shareholders would like to receive physical copies of these documents, the same shall be forwarded on request to the company by post or an e-mail.

We are also in the process of starting a sustainability initiative with the aim of being carbon neutral and minimize our impact on the environment. Sustainability practices will be implemented and tracked diligently to ensure that we comply with the goals we set for ourselves.

40. Employee Stock Option Schemes

As required under Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014, the applicable disclosures as on March 31, 2017 are annexed to this Report as "Annexure 3".

During the financial year under review, pursuant to regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014, the Company has obtained the approval of the members at the previous Annual General Meeting held on September 29, 2016, for ratifying Employee Stock Option Scheme of the Company (HCG ESOS 2014), the pre-IPO plan. HCG ESOS 2014 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014.

The Nomination and Remuneration Committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

The stock compensation cost is computed under fair value method and accounted in line with graded vesting of options over the total vesting period of four years. For the year ended March 31, 2017, the Company has recorded stock compensation expense of INR 9,450,182 (2016: INR 5,392,740).

For further details on the Scheme refer Annexure 3 of the Director's report.

41. Corporate Governance

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2017, as per regulation

34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms a part of this Annual Report.

Certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated by Regulation 34 (3) of SEBI (LODR) Regulations, 2015 is attached to this report.

42. Acknowledgements and Appreciations

We stay committed to partnering for value creation and take this opportunity to thank one and all who have participated in our journey this far. Your Directors desire to place on record, its sincere appreciation to all employees at all levels, who with sustained dedicated effort and hard work, enabled the Company to deliver a good all-round performance. Your Directors also wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the vendors, business associates, consultants, bankers, regulatory and government authorities, shareholders and investors at large and look forward to their continued support. We also take this opportunity to express sincere thanks to the medical fraternity and patients for their continued co-operation, patronage and trust reposed in the Company and its healthcare services.

For and on behalf of the Board of Directors

Date: May 24, 2017
Place: Bangalore

Dr. B. S. Ajaikumar
Chairman

ANNEXURE 1

Form No. MGT 9

Extract of Annual Return

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and
Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. Registration & Other Details:

1	CIN	L15200KA1998PLC023489
2	Registration Date	12 March 1998
3	Name of the Company	HealthCare Global Enterprises Limited
4	Category/Sub-category of the Company	Public Company/Limited by shares, Indian Non-Government company
5	Address of the Registered office & contact details	HCG Tower, No.8, P. Kalinga Rao Road, Sampangi Rama Nagar, Bangalore, Karnataka, India – 560027 Telephone: +91-80-4660 7700 Email id: sunumanuel@hcgoncology.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032, Telangana Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: einward.ris@karvy.com

II. Principal Business Activities Of The Company

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company (standalone basis)
1	Hospital activities	86100	64.44
2	Retail sale of pharmaceuticals, medical and orthopaedic goods and toilet articles	47721	35.02

III. Particulars Of Holding, Subsidiary And Associate Companies –

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited No. 536, Perundurai Road, Erode - 638 011 Tamil Nadu	U85110TZ2005PTC011740	Subsidiary	100.00%	Section 2(87)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
2	Niruja Product Development and Healthcare Research Private Limited (Formerly known as MIMS HCG Oncology Private Limited) HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027 Karnataka	U73100KA2007PTC044658	Subsidiary	100.00%	Section 2(87)
3	Malnad Hospital & Institute of Oncology Private Limited No. 600/601, Irwin Road, Mysore - 570 001, Karnataka	U85110KA1997PTC022149	Subsidiary	70.25%	Section 2(87)
4	HCG Medi-Surge Hospitals Private Limited No. 1, Maharashtra Society, Mithakhali Cross Road, Ellisbridge, Ahmedabad - 380 006, Gujarat	U85110GJ2000PTC037474	Subsidiary	74.00%	Section 2(87)
5	BACC Health Care Private Limited, No. 7, East Park Road Basement, Kumara Park East, Bengaluru - 560 001, Karnataka	U74140KA2002PTC030098	Subsidiary	50.10%	Section 2(87)
6	HealthCare Global (Uganda) Private Limited, Suite 13, 3rd Floor, Plot 2, Bombo Road City Apartments, PO Box 31176, Kampala, Uganda	N/A	Subsidiary	100.00%	Section 2(87)
7	HCG Pinnacle Oncology Private Limited HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	U85191KA2012PTC067393	Subsidiary	50.10%	Section 2(87)
8	HealthCare Global (Tanzania) Private Limited Regency Medical Centre, Alykhan Road Upanga, PO Box 2029, Daar es Salaam, Tanzania	N/A	Subsidiary	100.00%	Section 2(87)
9	HealthCare Global (Kenya) Private Limited Jadala Place, Ngong Lane, Near Prestige Plaza Post Office Box 6493-00200 Nairobi, Kenya	N/A	Subsidiary	100.00%	Section 2(87)
10	DKR HealthCare Private Limited (Formerly known as Parenthood HealthCare Private Limited) No. 82, CMH Road, Indiranagar 2nd Stage Bengaluru - 560 038, Karnataka	U85100KA2012PTC063975	Subsidiary	50.10%	Section 2(87)
11	HCG Regency Oncology Healthcare Private Limited A-4, Sarvodaya Nagar, Kanpur - 208 005, Uttar Pradesh	U85191UP2011PTC045234	Subsidiary	51.00%	Section 2(87)
12	Apex HCG Oncology Hospitals LLP Vaishali Heights, Wing "A", Chandawarkar Road, Borivali West, Mumbai 400 092, Maharashtra	AAB- 5593	Subsidiary	50.10%	Section 2(87)
13	Healthcare Diwan Chand Imaging LLP HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	AAA-0280	Subsidiary	75.00%	Section 2(87)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
14	HCG NCHRI Oncology LLP HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	AAA-6655	Subsidiary	76.00%	Section 2(87)
15	HCG Oncology LLP No. 1, Maharashtra Society, Near Mithakhali Six Road, Ellisbridge, Ahmedabad - 380 006, Gujarat.	AAC-9917	Subsidiary	74.00%	Section 2(87)
16	Strand-Triesta Cancer Genomics LLP 591/11, 3rd Main Road, Sadashivnagar, Bengaluru - 560080, Karnataka	AAC-8877	Associate	30.00%	Section 2(6)
17	HCG EKO Oncology LLP HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	AAD-9508	Subsidiary	50.50%	Section 2(87)
18	HCG (Mauritius) PVT. LTD. St. Louis Business Centre, CNR Desroches & St Louis Streets, Port Louis, Mauritius	N/A	Subsidiary	100.00%	Section 2(87)
19	Healthcare Global (Africa) Pvt. Ltd. St Louis Business Centre, CNR Desroches & St Louis Streets, Port Louis, Mauritius	N/A	Subsidiary	100.00%	Section 2(87)
20	HCG Manavata Oncology LLP HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	AAH-1208	Subsidiary	51.00%	Section 2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Sl. No.	Category	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% of change during the year
		Demat	Physical	Total number of shares	% of total shares	Demat	Physical	Total number of shares	% of total shares	
(A)	**Promoters**									
1	Indian									
(a)	Individuals/ Hindu Undivided Family	2,09,40,162	-	2,09,40,162	24.61	2,09,01,662	-	2,09,01,662	24.39	(0.23)
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	2,09,40,162	-	2,09,40,162	24.61	2,09,01,662	-	2,09,01,662	24.39	(0.23)
2	Foreign									
(a)	NRIs- Individuals	-	-	-	-	-	-	-	-	-
(b)	Other- Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-

Sl. No.	Category	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% of change during the year
		Demat	Physical	Total number of shares	% of total shares	Demat	Physical	Total number of shares	% of total shares	
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	2,09,40,162	-	2,09,40,162	24.61	2,09,01,662	-	2,09,01,662	24.39	(0.23)
(B)	**Public shareholding**									
1	Institutions									
(a)	Mutual Funds	43,41,761	-	43,41,761	5.10	1,58,95,730	-	1,58,95,730	18.55	13.44
(b)	Banks/Financial Institutions	-	-	-	-	1,460	-	1,460	0.00	-
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	1,49,53,189	-	1,49,53,189	17.58	-	-	-	-	(17.58)
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	1,34,20,019	-	1,34,20,019	15.77	1,33,93,534	-	1,33,93,534	15.63	(0.15)
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	
(i)	Others (Specify)	-	-	-	-	-	-	-	-	
	Sub-Total (B)(1)	3,27,14,969	-	3,27,14,969	38.45	2,92,90,724	-	2,92,90,724	34.18	(4.28)
2	Non-institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	
(i)	Indian	59,19,723	-	59,19,723	6.96	1,24,98,912	-	1,24,98,912	14.58	7.63
(ii)	Overseas	83,20,805	-	83,20,805	9.78	83,20,805	-	83,20,805	9.71	(0.07)
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to INR 1 lakh.	21,36,002	4,23,978	25,59,980	3.01	23,90,258	3,48,156	27,38,414	3.19	0.19
(ii)	Individual shareholders holding nominal share capital in excess of INR 1 lakh.	43,63,434	34,96,008	78,59,442	9.24	49,59,739	23,51,116	73,10,855	8.53	(0.71)
(d)	Others (Specify)									
(i)	Trusts	23,18,150	-	23,18,150	2.72	23,18,150	-	23,18,150	2.70	(0.02)
(ii)	Non-Resident Indians	9,87,775	6,64,011	16,51,786	1.94	9,07,385	5,94,011	15,01,396	1.75	(0.19)
(iii)	NRI Non-Repatriation	0	0	0	0	7,32,486	0	7,32,486	0.85	0.85
(iv)	Clearing Members	27,90,969	-	27,90,969	3.28	99,582	-	99,582	0.12	(3.16)
	Sub-Total (B)(2)	2,68,36,858	45,83,997	3,14,20,855	36.93	3,22,27,317	32,93,283	3,55,20,600	41.44	4.51
	Total Public Shareholding (B)= (B)(1)+(B)(2)	5,95,51,827	45,83,997	6,41,35,824	75.39	6,15,18,041	32,93,283	6,48,11,324	75.61	0.23
(C)	Shares held by Custodians for GDR and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8,04,91,989	45,83,997	8,50,75,986	100.00	8,24,19,703	32,93,283	8,57,12,986	100.00	

(ii) Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Dr. B.S. Ajaikumar	1,76,42,739	20.74	-	1,76,42,739	20.58	-	(0.16)
2.	Dr. Ganesh Nayak	3,25,807	0.38	-	2,87,307	0.34	-	(0.04)
3.	Dr. B.S. Ramesh	2,62,356	0.31	-	2,62,356	0.31	-	-
4.	Dr. K.S. Gopinath	4,05,059	0.48	-	4,05,059	0.47	-	(0.01)
5.	Dr. M. Gopichand	8,66,760	1.02	-	8,66,760	1.01	-	(0.01)
6.	Dr. B. Amar Kumar	6,64,657	0.78	-	6,64,657	0.78	-	-
7.	Bhagya A. Ajaikumar	1,795	0.00	-	1,795	0.00	-	-
8.	Aagnika Ajaikumar	3,27,258	0.38	-	3,27,258	0.38	-	-
9.	Asmitha Ajaikumar	3,27,259	0.38	-	3,27,259	0.38	-	-
10.	Prakash Nayak	57,937	0.07	-	57,937	0.07	-	-
11.	Pradeep Nayak	30,000	0.04	-	30,000	0.04	-	-
12.	Dr. V. Sudha	22,582	0.03	-	22,582	0.03	-	-
13.	Adarsh R.	2,486	0.00	-	2,486	0.00	-	-
14.	Dr. Srinivas Gopinath	2,187	0.00	-	2,187	0.00	-	-
15.	Leela Rajanna	1,280	0.00	-	1,280	0.00	-	-
	Total	2,09,40,162	24.61	-	2,09,01,662	24.39	-	(0.22)

*Note: In the above table, the shareholding of Promoter Group to the extent of 14,37,441 shares (at the beginning and end of the year) is shown as shareholding of Promoters.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Date of Acquisition/ (Transfer)	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. B. S. Ajaikumar	At the beginning of the year	1,76,42,739	20.74		
		At the end of the year (No change)			1,76,42,739	20.58
2	Dr. Ganesh Nayak	At the beginning of the year	3,25,807	0.38		
	30.03.2017	Transfer of shares	(38,500)	0.04		
		At the end of the year			2,87,307	0.34
3	Dr. B.S. Ramesh	At the beginning of the year	2,62,356	0.31		
		At the end of the year (No change)			2,62,356	0.31
4	Dr. K. S. Gopinath	At the beginning of the year	4,05,059	0.48		
		At the end of the year (No change)			4,05,059	0.47
5	Dr. M. Gopichand	At the beginning of the year	8,66,760	1.02		
		At the end of the year (No change)			8,66,760	1.01

iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	PI Opportunities Fund I				
	At the beginning of the year	119,30,000	14.02		
	Sale	(119,30,000)	(14.02)		
	At the end of the year			-	-
2	V-Sciences Investments Pte Ltd				
	At the beginning of the year	83,20,805	9.78		
	No change during the year	-	-	-	-
	At the end of the year			83,20,805	9.71
3	Prazim Trading And Investment Co. Pvt. Ltd.				
	At the beginning of the year	-	-		
	Purchase on 24.03.2017	66,54,723	7.76	66,54,723	7.76
	At the end of the year	-	-	66,54,723	7.76
3	Franklin India Smaller Companies Fund				
	At the beginning of the year	-	-		
	Purchase on 28.10.2016	23,76,443	2.79	23,76,443	2.79
	Purchase on 25.11.2016	10,13,274	1.19	33,89,717	3.98
	Purchase on 17.02.2017	23,00,000	2.68	56,89,717	6.64
	Purchase on 24.03.2017	50,000	0.06	57,39,717	6.70
	Purchase on 31.03.2017	50,365	0.06	57,90,082	6.76
	At the end of the year			57,90,082	6.76
4	Sundaram Mutual Fund A/C Sundaram Select Midcap				
	At the beginning of the year	25,03,979	2.94		
	Purchase on 01.04.2016	10,83,497	1.27	35,87,476	4.22
	Purchase on 20.05.2016	1,21,771	0.14	37,09,247	4.36
	Purchase on 27.05.2016	2,391	0.00	37,11,638	4.36
	Purchase on 10.06.2016	15,468	0.02	37,27,106	4.38
	Purchase on 17.06.2016	2,096	0.00	37,29,202	4.38
	Purchase on 24.06.2016	14,323	0.02	37,43,525	4.40
	Purchase on 01.07.2016	8,629	0.01	37,52,154	4.41
	Purchase on 29.07.2016	39,930	0.05	37,92,084	4.46
	Purchase on 02.09.2016	7,000	0.01	37,99,084	4.47
	Purchase on 21.10.2016	15,000	0.02	38,14,084	4.48
	Sale on 02.12.2016	(2,56,821)	(0.30)	35,57,263	4.18
	Purchase on 09.12.2016	2,56,821	0.30	38,14,084	4.48
	Purchase on 20.01.2017	13,506	0.02	38,27,590	4.50
	Purchase on 03.02.2017	48,495	0.06	38,76,085	4.56
	Purchase on 10.02.2017	9,855	0.01	38,85,940	4.53
	Sale on 17.02.2017	(5,400)	(0.01)	38,80,540	4.53
	Purchase on 24.02.2017	11,24,609	1.31	50,50,149	5.84
	Purchase on 03.03.2017	66,969	0.08	50,72,118	5.92
	Purchase on 10.03.2017	39,298	0.04	51,11,416	5.96
	Purchase on 17.03.2017	78,064	0.09	51,89,480	6.05
	Purchase on 31.03.2017	3,00,994	0.35	54,90,474	6.40

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
	At the end of the year	-	-	54,90,474	6.40
5	International Finance Corporation				
	At the beginning of the year	43,58,705	5.12		
	No change during the year	-	-	-	-
	At the end of the year			43,58,705	5.09
6	Reliance Capital Trustee Co. Ltd A/C Reliance Pharma Fund				
	At the beginning of the year	-	-		
	Purchase on 26.08.2016	44,38,510	5.22		
	Sale on 18.11.2016	(7,68,510)	(0.90)	36,70,000	4.31
	Sale on 17.02.2017	(5,00,000)	(0.58)	31,70,000	3.70
	At the end of the year			31,70,000	3.70
7	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	29,49,599	3.47		
	Purchase on 08.04.2016	319	0.00	29,49,918	3.47
	Sale on 15.04.2016	(28,754)	(0.03)	29,21,164	3.43
	Purchase on 22.04.2016	193	0.00	29,21,357	3.43
	Sale on 29.04.2016	(1,36,701)	(0.16)	27,84,656	3.27
	Sale on 06.05.2016	(1,04,697)	(0.12)	26,79,959	3.15
	Purchase on 22.07.2016	14,441	0.02	26,94,400	3.17
	Purchase on 02.09.2016	720	0.00	26,95,120	3.17
	Purchase on 09.09.2016	8,202	0.01	27,03,322	3.18
	Sale on 30.09.2016	(35,058)	(0.04)	26,68,264	3.14
	Sale on 14.10.2016	(33,580)	(0.04)	26,34,684	3.10
	Purchase on 28.10.2016	(1,693)	(0.00)	26,36,377	3.10
	Purchase on 02.12.2016	966	0.00	26,37,343	3.10
	Purchase on 30.12.2016	517	0.00	26,37,860	3.10
	Purchase on 06.01.2017	2226	0.00	26,40,086	3.10
	Purchase on 20.01.2017	36,942	0.04	26,77,028	3.15
	Purchase on 17.02.2017	1,589	0.00	26,78,617	3.12
	Purchase on 24.02.2017	1,700	0.00	26,80,317	3.13
	Purchase on 03.03.2017	1,171	0.00	26,81,488	3.13
	Purchase on 24.03.2017	29,717	0.03	27,11,205	3.16
	Purchase on 31.03.2017	18,131	0.02	27,29,336	3.18
8	BNP Paribas Trust Services Singapore Limited				
	At the beginning of the year	18,50,223	2.17		
	No change during the year	-	-	-	-
	At the end of the year			18,50,223	2.16
9	IL and FS Trust Company Ltd				
	At the beginning of the year	30,23,189	3.55		
	Sale on 26.08.2016	(30,23,189)	(3.55)	-	-
	At the end of the year			-	-
10	Reliance Nippon Life Insurance Company Limited				
	At the beginning of the year	-	-		

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
	Purchase on 21.10.2016	15,43,122	1.81	15,43,122	1.81
	At the end of the year	-		15,43,122	1.80
11	Chennai 2007				
	At the beginning of the year	30,95,986	3.64		
	Sale on 08.04.2016	(5,73,875)	(0.67)	25,22,111	2.96
	Sale on 15.04.2016	(44,241)	(0.05)	24,77,870	2.91
	Sale on 22.04.2016	(11,341)	(0.01)	24,66,529	2.90
	Sale on 20.05.2016	(3,577)	(0.00)	24,62,952	2.90
	Sale on 10.06.2016	(1,289)	(0.00)	24,61,663	2.90
	Sale on 17.06.2016	(73,051)	(0.09)	23,88,612	2.81
	Sale on 24.06.2016	(72)	(0.00)	23,88,540	2.81
	Sale on 01.07.2016	(1,92,851)	(0.23)	21,95,689	2.58
	Sale on 22.07.2016	(2,47,395)	(0.29)	19,48,294	2.29
	Sale on 29.07.2016	(48,294)	(0.06)	19,00,000	2.23
	Sale on 26.08.2016	(2,00,000)	(0.24)	17,00,000	1.99
	Sale on 02.09.2016	(50,140)	(0.06)	16,49,860	1.94
	Sale on 30.09.2016	(49,860)	(0.06)	16,00,000	1.88
	Sale on 07.10.2016	(890)	(0.00)	15,99,110	1.88
	Sale on 14.10.2016	(15,99,110)	(1.88)	-	-
	At the end of the year			-	-

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Date of Acquisition/(Transfer)	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Dr. B.S Ajaikumar - Director	At the beginning of the year	1,76,42,739	20.74		
		At the end of the year			1,76,42,739	20.58
2	Gangadhara Ganapati - Director	At the beginning of the year	23,07,780	2.71		
	23.11.2016	Transfer of shares	(6,25,000)	(0.73)	16,82,780	1.98
	08.02.2017	Allotment of shares by the company	6,25,000	0.73	23,07,780	2.69
		At the end of the year			23,07,780	2.69
3	Sunu Manuel - KMP	At the beginning of the year	17,550	0.02		
		At the end of the year			17,550	0.02
4	Dr. B S. Ramesh – Director	At the beginning of the year	2,62,356	0.31		
		At the end of the year			2,62,356	0.31

V) Indebtedness -

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	122,39,90,000	201,22,43,893	-	323,62,33,893
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,37,99,766	4,43,30,234	-	8,81,30,000
Total (i+ii+iii)	**126,77,89,766**	**205,65,74,127**	**-**	**332,43,63,893**
Change in Indebtedness during the financial year				
* Addition	66,31,29,895	52,07,45,771	-	118,38,75,666
* Reduction	-2,55,03,253	-19,25,46,234	-	-21,80,49,487
Net Change	**63,76,26,642**	**32,81,99,537**	**-**	**96,58,26,179**
Indebtedness at the end of the financial year				
i) Principal Amount	186,16,16,642	234,04,43,430	-	420,20,60,072
ii) Interest due but not paid	-	-	-	0
iii) Interest accrued but not due	351,92,832	7,15,76,564	-	10,67,69,396
Total (i+ii+iii)	**189,68,09,474**	**241,20,19,995**	**-**	**430,88,29,468**

VI). Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Dr. B. S. Ajaikumar	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,90,00,000	1,90,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission		
	- as % of profit	Nil	Nil
	- others, specify...	Nil	Nil
5	Others, please specify – Variable remuneration	#89,83,713	#89,83,713
	Total (A)	**2,79,83,713**	**2,79,83,713**
	Ceiling as per the Act	^2,45,15,920	^2,45,15,920

The Board of Directors and the Shareholders of the Company at their meeting held on May 26, 2016 and September 29, 2016, respectively, have approved a fixed remuneration of INR 1.9 Crores per annum and a variable remuneration of upto INR 3 Crores to Dr. B. S. Ajaikumar based on achievement of certain milestones at the end of the financial year. The Nomination and Remuneration Committee and the Board of Directors of the Company have approved variable remuneration of INR 89,83,713 to Dr. B. S. Ajaikumar for the financial year 2016-17. The Company proposes to seek the approval of MCA for the payment of variable remuneration to Dr. B. S. Ajaikumar, as the overall remuneration (comprising of both fixed and variable component) would exceed the permissible limits in terms of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

^Managerial Remuneration in Case of Absence or Inadequacy of Profits in terms of Section 197 read with Schedule V to the Companies Act, 2013.

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Names of Directors						Total Amount
	Independent Directors	Dr. Sudhakar Rao	Shanker Annaswamy	Suresh C. Senapaty	Dr. Sampath T. Ramesh	Bhushani Kumar		
	Fee for attending board/committee meeting	7,00,000	10,50,000	8,50,000	6,50,000	2,50,000		
	Commission	Nil	Nil	Nil	Nil	Nil		
	Others, please specify	Nil	Nil	Nil	Nil	Nil		
	Total (1)	7,00,000	10,50,000	8,50,000	6,50,000	2,50,000		35,00,000
	Other Non-Executive Directors	Gangadhara Ganapathi	Prakash Parthasarathy	Jennifer Gek Choo Lee	Rajesh Singhal	Dr. B. S. Ramesh	Dr. Amit Varma	
	Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil	-	
	Commission	Nil	Nil	Nil	Nil	Nil	-	
	Others, please specify – Stock options	9,11,020	Nil	Nil	Nil	Nil	-	
	Total (2)	9,11,020	Nil	Nil	Nil	Nil	-	9,11,020
	Total (B)=(1+2)	**16,11,020**	**10,50,000**	**8,50,000**	**6,50,000**	**2,50,000**	**Nil**	**44,11,020**
	Total Managerial Remuneration							3,23,94,729
	Overall Ceiling as per the Act							**2,45,15,920**

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				
		#CEO	CS	CFO* Krishnan Subramanian (April 01, 2016 to August 16, 2016)	CFO* Yogesh Patel (October 06, 2016 to March 31, 2017)	Total
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	30,97,795	46,30,728	43,79,270	1,21,07,793
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	55,240	1,500	Nil	56,740
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	Nil	Nil	Nil	Nil
2	Stock Option	-	Nil	Nil	Nil	Nil
3	Sweat Equity	-	Nil	Nil	Nil	Nil
4	Commission	-	Nil	Nil	Nil	Nil
	- as % of profit	-	Nil	Nil	Nil	Nil
	- others, specify...	-	Nil	Nil	Nil	Nil
5	Others, please specify - Employers contribution to Provident Fund	-	2,02,357	2,13,026	31,350	4,46,733
	Total	-	**33,55,392**	**48,45,254**	**44,10,620**	**1,26,11,266**

In the above table, remuneration paid to Dr. B. S. Ajaikumar, Chairman & CEO is not included, since the said remuneration has already been included in remuneration paid to Whole-time Director under (A) above

* During the year under report, Mr. Krishnan Subramanian was associated with the Company as CFO from April 01, 2016 to August 16, 2016. Thereafter, Mr. Yogesh Patel has joined as CFO the Company w.e.f October 06, 2016 to hold office till March 31, 2017.

Vii. Penalties / Punishment/ Compounding of offences: Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For **HealthCare Global Enterprises Limited**

Date: May 24, 2017
Place: Bangalore

Dr. B. S. Ajaikumar
Chairman

ANNEXURE 2

Form No. MR-3

Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended: 31.03.2017

To,
The Members,
HEALTHCARE GLOBAL ENTERPRISES LIMITED,
Registered Office Address: HCG Tower,
No.8.P.Kalinga Rao Road, Sampangi Ram Nagar,
Bengaluru 560 027

CIN: L15200KA1998PLC023489

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Healthcare Global Enterprises Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not Applicable to the Company during the Audit Period);

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period);

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period); and

   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi. The following laws which are specifically applicable to the company:

   a) Drugs and Cosmetics Act, 1940 and the rules thereunder

   b) Pharmacy Act, 1948

   c) Atomic Energy Act, 1962 ("Atomic Energy Act") and Atomic Energy (Radiation Protection) Rules, 2004 ("Atomic Energy Rules")

d) Radiation Protection Rules, 1971 ("Radiation Rules")

e) Radiation Surveillance Procedures for Medical Application of Radiation, 1989 ("Radiation Surveillance Procedures")

f) The Safety Code for Medical Diagnostic X-Ray Equipment and Installations, 2001 ("X-Ray Safety Code")

g) Pharmacy Act, 1948 ("Pharmacy Act")

h) Drugs (Prices Control) Order, 2013 ("DPCO") ")

i) The Clinical Establishments (Registration and Regulation), Act, 2010

j) Narcotic Drugs and Psychotropic Substances Act, 1985 ("Narcotic Act")

k) Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 ("PNDT Act") and the rules thereunder.

l) Medical Termination of Pregnancy Act, 1971 ("MTP Act") and the rules and regulations thereunder.

m) Transplantation of Human Organs Act, 1994 ("Transplantation of Organs Act")

n) Explosives Act, 1884 ("Explosives Act")

o) Indian Boilers Act, 1923 ("Boilers Act")

p) Ethical Guidelines for Biomedical Research on Human Participants, 2006 ("ICMR Guidelines")

q) Legal Metrology Act, 2009 ("Legal Metrology Act") and rules thereunder

r) Indian Medical Council Act, 1956 ("IMCA")

s) Indian Medical Degree Act, 1916 ("IMDA")

t) Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002

u) Indian Nursing Council Act, 1947

v) Bio-Medical Waste (Management and Handling) Rules, 1998 ("BMW Rules")

w) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 ("Hazardous Waste Rules")

x) Batteries (Management and Handling) Rules, 2001 ("Batteries Rules")

y) e-waste (Management and Handling) Rules, 2011 ("e-waste Rules")

z) Poisons Act, 1919 and the Karnataka Poison Rules, 1966

aa) Static and Mobiles Pressure Vessels (Unfired) Rules, 1981

We have also examined the compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the compliance report furnished to the Board by the Company Secretary, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

There was no event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

For **V. Sreedharan & Associates**

(V. Sreedharan)
Partner
FCS: 2347; C.P. No: 833

Bengaluru
May 22, 2017

ANNEXURE 3

Employee share option plan of the Company

(a) In the extraordinary general meeting held on 25 August, 2010, the shareholders had approved the issue of 1,800,000 options under the Scheme titled "Employee Stock Option Scheme 2010 (ESOP 2010). The ESOP 2010 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration committee grants the options to the employees deemed eligible. The exercise price of each option shall be at a price not less than the face value per share. The option holders may exercise those options vested based on passage of time commencing from the expiry of 4 years from the date of grant and those vested based on performance immediately after vesting, within the expiry of 10 years from the date of grant.

On 16 June, 2010, the Company granted options under said scheme for eligible personnel. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

In the extraordinary general meeting held on 31 March, 2015, the shareholders approved for accelerated vesting of options outstanding as at 31 March, 2015. Accordingly, all the options outstanding were vested in the hands of option holders as at 31 March, 2015. Further, the remaining options available for grant under ESOP 2010 were transferred to ESOP 2014 scheme.

(b) Pursuant to the shareholders' approval in the extraordinary general meeting held on 28 March, 2014 and 25 August, 2010, the Board of Directors formulated the Scheme titled "Employee Stock Option Scheme 2014" (ESOP 2014). The ESOP 2014 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration Committee grants the options to the employees deemed eligible. The Exercise Price shall be a price that is not less than the face value per share per option. Options Granted under ESOS 2014 would Vest not less than one year and not more than five years from the date of Grant of such Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated at the time of grant of options. The option holders may exercise those options vested within a period as specified which may range upto 10 years from the date of grant.

The Company granted 195,400 options to the eligible employees of the Company on 10 November, 2016. Also the Company granted 1,250,000 options to a Director of the Company on 1 April, 2014 and 110,100 options on 24 June, 2014 to the eligible employees out of which 637,000 options were exercised during the year. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

The grant date fair market value of the options granted through the stock option plan was measured based on Black Scholes method. Expected volatility is estimated by considering historic average share price volatility.

(c) The detail of fair market value and the exercise price is as given below:

Particulars	ESOP 2010	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	16-Jun-10	01-Apr-14	24-Jun-14	10-Nov-16	10-Nov-16
Fair market value of option at grant date (INR)	23.10	8.71	73.34	232.48	156.93
Fair market value of share at grant date (INR)	29.18	78.95	78.95	240.15	240.15
Exercise price (INR)	10.00	110.68	10.00	10.00	110.68

(d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Grant Date: November 10, 2017 (ESOP 2014)

Assumptions	Vest 1 10 Nov 17	Vest 2 10 Nov 18	Vest 3 10 Nov 19	Vest 4 10 Nov 20
Variables	10%	20%	30%	40%
Risk Free Interest Rate	6.52%	6.73%	6.73%	6.70%
Expected Life	2.00	3.00	4.00	5.00
Expected Annual Volatility of Shares	28.98%	28.53%	30.45%	32.29%
Expected Dividend Yield	0.00%	0.00%	0.00%	0.00%

(e) Employee stock options details as on the Balance Sheet date are as follows:

Particulars	Year ended 31-Mar-17			Year ended 31-Mar-16			Year ended 31-Mar-15		
	Options Numbers	Weighted average exercise price per option (INR)	weighted average fair value of options	Options Numbers	Weighted average exercise price per option (INR)	weighted average fair value of options	Options Numbers	Weighted average exercise price per option (INR)	weighted average fair value of options
Option outstanding at the beginning of the year:									
- ESOP 2010	10,127	10	23.10	10,69,194	10	23.10	11,30,300	10	23.10
- ESOP 2014	7,24,090	96.9	17.55	13,60,100	102.53	13.94	-	-	
Granted during the year:									
- ESOP 2010	-	-		-	-		-	-	
- ESOP 2014	1,95,400	25.46	220.88	-	-		13,60,100	102.53	13.94
Vested during the year:									
- ESOP 2010	-	-		-	-		10,69,194	10	23.10
- ESOP 2014	-	-		9,29,457	105.91		-	-	
Exercised during the year:									
- ESOP 2010				10,59,067	10	23.10	-	-	
- ESOP 2014	6,37,000	108.78	9.93	6,36,010	108.94	9.83	-	-	
Lapsed during the year:									
- ESOP 2010	-	-		-	-		61,106	10	23.10
- ESOP 2014	-	-		-	-		-	-	
Options outstanding at the end of the year:									
- ESOP 2010	10,127	10	23.10	10,127	10	23.10	10,69,194	10	23.10
- ESOP 2014	2,82,490	20.69	175.39	7,24,090	96.9	17.55	13,60,100	102.53	13.94

(f) Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard

Year ended 31-Mar-17	Year ended 31-Mar-16	Year ended 31-Mar-15
2.85	(0.39)	(0.34)

* Options available for grant under ESOP 2014 Scheme are 2,675,306 (previous year 2,870,706)

(g) At March 31, 2017, executives and senior employees held options over 292,617 equity shares of the Company, of which options over 195,400 equity shares will expire on November 9, 2026, options over 87,090 equity shares will expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020. At March 31, 2016, executives and senior employees held options over 734,217 equity shares of the Company, of which options over 625,000 equity shares were due to expire on March 31, 2024, options over 99,090 equity shares were due to expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020.

(h) Variation in terms of options

Year ended 31-Mar-17	Year ended 31-Mar-16	Year ended 31-Mar-15
None	None	None

(i)	Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	The Company follows the Fair Value (Black-Scholes Option Pricing Model) of the stock options for calculating employee compensation cost.

(j)	Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed	For Financial Year 2017: The total accounting charge taken on account of ESOP 2010 and 2014 is INR 94,50,182 For Financial Year 2016: The total accounting charge taken on account of ESOP 2010 and 2014 is INR 53,92,740 For Financial Year 2015: The total accounting charge taken on account of ESOP 2010 and ESOP 2014 is INR 11,976,982
(k)	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	**2016-17:** INR 6,92,95,000 **2015-16:** INR 7,98,75,770 **2014-15:** Nil
(l)	Loan repaid by the Trust during the year from exercise price received	Not Applicable

(m) Employee wise details of options granted during the year

a) Senior Management Personnel:	Employee Name	Designation	No. of Employee Stock Options Granted
	Dr. Bharat Gadhavi	Chief operating officer-Gujarat	30,000
	Anant Kittur	Director-Projects	25,000
	Jayaprakash M C	Vice President-HR	15,000
	Yogesh Patel	Chief Financial Officer	25,000
	Niraj S Didwania	Head-Investor Relations	25,000
b) Other than Senior Management Personnel:			75,400 Stock Options
Employees who have received a grant in any one year of options amounting to 5% or more of options granted during that year.			Nil
Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant.			Nil

ANNEXURE 4

Disclosure in terms of Section 197 (12) of the Companies Act, 2013, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

(a) Comparison and ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2016-17

Name of the Director	Remuneration of Director (INR in Mn.)	Median Remuneration of employees (INR in Mn.)	Ratio
*Dr. B. S. Ajaikumar	27.98	0.18	155:1

*None of the other Directors are paid any remuneration except sitting fees.

(b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year under review

Name of Director/ KMP	Designation	% increase in Remuneration
Dr. B. S. Ajaikumar	Chairman & CEO	15.64
#Mr. Krishnan Subramanian	Chief Financial Officer	NA
#Mr. Yogesh Patel	Chief Financial Officer	NA
Ms. Sunu Manuel	Company Secretary	6.09

During the year under report, Mr. Krishnan Subramanian was associated with the Company as CFO from April 01, 2016 to August 16, 2016. Thereafter, Mr. Yogesh Patel has joined as CFO the Company w.e.f October 06, 2016 to hold office till March 31, 2017.

(c) The percentage increase in the median remuneration of employees in the financial year is 7.14%;

(d) The number of permanent employees on the rolls of Company is 2863 as on March 31, 2017.

(e) Relationship between average increase in remuneration and Company performance.

The average increase in remuneration during Financial Year 2016-17 was 11.5% as compared with previous financial year. The income from operations of the Company grew by 14.4% to INR 5,387.8 mn from INR 4,711.3 mn for the financial year ended March 31, 2017. The total employee cost for the Financial Year ended March 31, 2017 was INR 965.61 mn against INR 846.93 mn for the Financial Year ended March 31, 2016. The total employee cost as a percentage of income from operations was 17.92% (last year 17.98%).

Average increase in remuneration is guided by factors like inflation, normal salary revisions, external competitiveness and talent retention. Besides employee costs, other significant internal and external factors impacting performance of the Company are explained in detail in the Management Discussion & Analysis Report.

(f) Comparison of the remuneration of the Key Managerial Personnel (Individually and collectively) against the performance of the Company

Key Managerial Personnel	CTC (Amount in INR)	Revenue (Amount in INR)
Dr. B. S. Ajaikumar	27.98 Mn	5,387.80 Mn
Mr. Krishnan Subramanian	4.85 Mn	
Mr. Yogesh Patel	4.41 Mn	
Ms. Sunu Manuel	3.36 Mn	
Total	40.60 Mn	

(g) Variations in the market capitalisation of the Company, price earnings ratio as on March 31, 2017 and March 31, 2016 and percentage increase/decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Particulars	As on March 31, 2016	As on March 31, 2017
Market capitalization (INR in Mn)	14,854.27	19,761.13
Price earnings ratio	(71.9)	85.7
Rate at which the Company came out with the last public offer (INR)	218	218
Share price as at (INR)	174.60	230.55
% Increase or decrease in share price	(19.91%)	32.04%

(h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration

Particulars	For the Financial Year 2016-17
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	11.54%
(B) Percentile increase in the managerial remuneration	15.64%
Comparison of (A) and (B)	Percentile increase in remuneration of managerial personnel is more over average percentile increase in salaries of employees by 4.10%
Justification	Increase in remuneration of employees and managerial personnel is based on Remuneration policy of the Company that rewards people differentially based on their contribution to the success of the Company and also ensures that external market competitiveness and internal relativities are taken care of.
Any exceptional circumstances for increase in the managerial remuneration	None

(i) Key Parameter for variable component of remuneration availed by the Directors

Dr. B. S. Ajaikumar is entitled to variable remuneration, over and above the fixed remuneration, based on the achievement of certain milestones.

(j) Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year

No employee has received remuneration in excess of the highest paid Director during the year under report.

(k) Affirmation that the remuneration is as per the Remuneration Policy of the Company.

It is hereby confirmed that the remuneration is as per the Remuneration Policy of the Company.

Statement pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Employee	Designation	Qualification	Previous employment	Date of joining	Date of Birth	Age (in Years)	Experience (in Years)	Remuneration including Performance Based Variable Pay (INR in Million)	No of Equity Shares held
1	Dr. B.S. Ajaikumar	Chairman & CEO	MD	Professional	07/03/2000	22/05/1951	66	39	27.98	176,42,739

For **HealthCare Global Enterprises Limited**

Date: May 24, 2017
Place: Bangalore

Dr. B. S. Ajaikumar
Chairman

ANNEXURE 5

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of Contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:
There are no contracts/arrangements/transactions which are not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis:

Name of related party	**Nature of relationship**	**Nature of contracts/ arrangements/ transactions**	**Duration of the Contracts/ arrangements/ transactions**	**Salient terms of the Contracts or arrangements or transactions including the Value (in INR) if any**	**Date of approval by the Board, if any**	**Amount paid as advances, if any**
BACC Healthcare Private Limited	Subsidiary Company/ Common Director	Providing of services	01.04.2016 - 31.03.2017	14,74,810	Approved by the Audit Committee on April 27, 2016	Nil
HCG Foundation	Trust/Director of the Company is a Trustee	Providing of services	01.04.2016 - 31.03.2017	33,40,169	Approved by the Audit Committee on April 27, 2016	Nil
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director	Interest income	01.04.2016 - 31.03.2017	13,05,184	Approved by the Audit Committee on April 27, 2016	Nil
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director	Providing of services	01.04.2016 - 31.03.2017	190,90,218	Approved by the Audit Committee on April 27, 2016	Nil
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director	Sale of goods	01.04.2016 - 31.03.2017	1185,34,586	Approved by the Audit Committee on April 27, 2016	Nil
HCG NCHRI Oncology LLP	LLP/Subsidiary	Sale of goods	01.04.2016 - 31.03.2017	48,530	Approved by the Audit Committee on April 27, 2016	Nil
HCG Oncology LLP	LLP/Director is a partner	Providing of services	01.04.2016 - 31.03.2017	3,69,730	Approved by the Audit Committee on April 27, 2016	Nil
HCG Oncology LLP	LLP/Director is a partner	Sale of goods	01.04.2016 - 31.03.2017	231,86,634	Approved by the Audit Committee on April 27, 2016	Nil
HCG Pinnacle Oncology Private Limited	Subsidiary Company/ Common Director	Interest income	01.04.2016 - 31.03.2017	55,53,262	Approved by the Audit Committee on April 27, 2016	Nil
HCG Pinnacle Oncology Private Limited	Subsidiary Company/ Common Director	Providing of services	01.04.2016 - 31.03.2017	17,81,035	Approved by the Audit Committee on April 27, 2016	Nil
HCG Pinnacle Oncology Private Limited	Subsidiary Company/ Common Director	Sale of goods	01.04.2016 - 31.03.2017	349,44,884	Approved by the Audit Committee on April 27, 2016	Nil
HCG Regency Oncology Healthcare Private Limited	Subsidiary Company/ Common Director	Sale of goods	01.04.2016 - 31.03.2017	2,98,114	Approved by the Audit Committee on April 27, 2016	Nil
Healthcare Diwan Chand Imaging LLP	LLP/Director is a partner	Availing of Diagnostic services	01.04.2016 - 31.03.2017	120,16,510	Approved by the Audit Committee on April 27, 2016	Nil

Name of related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the Contracts/ arrangements/ transactions	Salient terms of the Contracts or arrangements or transactions including the Value (in INR) if any	Date of approval by the Board, if any	Amount paid as advances, if any
Healthcare Diwan Chand Imaging LLP	LLP/Director is a partner	Sale of goods	01.04.2016 - 31.03.2017	40,000	Approved by the Audit Committee on April 27, 2016	Nil
JSS Bharath Charitable Trust	Trust/Director of the Company is a trustee	Providing of services	01.04.2016 - 31.03.2017	100,09,235	Approved by the Audit Committee on April 27, 2016	Nil
Malnad Hospital and Institute of Oncology Private Limited	Subsidiary Company/ Common Director	Providing of services	01.04.2016 - 31.03.2017	7,14,872	Approved by the Audit Committee on April 27, 2016	Nil
Malnad Hospital and Institute of Oncology Private Limited	Subsidiary Company/ Common Director	Sale of goods	01.04.2016 - 31.03.2017	81,02,793	Approved by the Audit Committee on April 27, 2016	Nil
Niruja Product Development and Healthcare Research Private Limited	Subsidiary Company/ Common Director	Interest income	01.04.2016 - 31.03.2017	1,11,497	Approved by the Audit Committee on April 27, 2016	Nil
Sada Sarada Tumor & Research Institute	Company with common Director	Providing of services	01.04.2016 - 31.03.2017	74,74,024	Approved by the Audit Committee on April 27, 2016	Nil
Sada Sarada Tumor & Research Institute	Company with common Director	Sale of goods	01.04.2016 - 31.03.2017	470,96,472	Approved by the Audit Committee on April 27, 2016	Nil
Sada Sarada Tumor & Research Institute	Company with common Director	Rent expenses	01.04.2016 - 31.03.2017	5,36,100	Approved by the Audit Committee on April 27, 2016	Nil
Dr. B.S. Ajaikumar	Director	Remuneration	01.04.2016 - 31.03.2017	279,83,713	Approved by the Audit Committee on April 27, 2016	Nil
Ms. Anjali Ajaikumar	Relative of a Director	Remuneration	01.04.2016 - 31.03.2017	3,93,751	Approved by the Audit Committee on April 27, 2016	Nil
Professional charges paid to Dr. B.S.Ramesh	Director	Professional Charges Paid	10.11.2016 - 31.03.2017	31,95,611	Approved by the Audit Committee on April 27, 2016	Nil
Expenditure on grant of ESOPs to Mr. Gangadhara Ganapati	Director	Cost resulting from allotment of ESOPs	01.04.2016 - 31.03.2017	9,11,020	Approved by the Audit Committee on April 27, 2016	Nil

For **HealthCare Global Enterprises Limited**

Date: May 24, 2017
Place: Bangalore

Dr. B. S. Ajaikumar
Chairman

FORM NO. AOC-1

Name of the subsidiary	Financial period ended	Reporting Currency	% of shareholding	Share capital	Reserve & surplus	Total assets	Total liabilities (excluding share capital and reserve & surplus)	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation
BACC Healthcare Private Limited	31/03/17	INR	50.10%	935,780	327,654,450	443,389,177	114,798,947	8,500,000	508,364,953	49,138,969	16,307,979	32,830,989
HCG Medi-Surge Hospitals Private Limited	31/03/17	INR	74.00%	55,687,040	92,957,743	871,299,533	722,654,749	-	826,557,033	62,830,217	15,431,000	47,399,217
Malnad Hospital & Institute of Oncology Private Limited	31/03/17	INR	70.25%	9,495,600	13,089	52,791,795	43,283,106	-	46,237,821	4,280,259	1,334,559	2,945,699
Niruja Product Development and Healthcare Research Private Limited	31/03/17	INR	100.00%	500,000	(1,767,822)	228,650	1,496,472	-	-	(263,048)	-	(263,048)
HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	31/03/17	INR	100.00%	9,298,000	(38,607,315)	1,040,180	30,349,495	-	-	(186,763)	-	(186,763)
DKR Healthcare Private Limited (Subsidiary of BACC Healthcare Private Limited)	31/03/17	INR	50.10%	2,000,000	34,181,428	51,655,973	15,474,546	-	85,827,386	27,003,611	8,223,073	18,780,538
HCG Pinnacle Oncology Private Limited	31/03/17	INR	50.10%	1,000,000	(50,868,829)	363,322,171	413,191,000	-	99,263,188	(58,159,279)	(17,824,512)	(40,334,767)
HCG Regency Oncology Healthcare Private Limited	31/03/17	INR	51.00%	244,610,630	17,568,123	832,566,564	570,387,811	-	19,701,911	(7,197,436)	(2,296,939)	(4,900,497)
HealthCare Global (Uganda) Private Limited	31/03/17	INR	100.00%	3,191,720	(1,284,345)	2,605,825	698,450	-	-	(359,647)	(81,869)	(277,779)
		UGX	100.00%	145,000,000	(37,238,701)	147,221,741	39,460,442	-	-	(20,319,052)	(4,625,348)	(15,693,704)
HealthCare Global (Kenya) Private Limited	31/03/17	INR	100.00%	7,524,440	(15,441,304)	1,058,639	8,975,502	-	-	(8,567,671)	-	(8,567,671)
		USD	100.00%	117,945	(240,046)	16,327	138,428	-	-	(132,138)	-	(132,138)
HealthCare Global (Tanzania) Private Limited	31/03/17	INR	100.00%	63,100	258,244	2,324,122	2,002,778	-	1,094,224	175,940	52,782	123,158
		TZS	100.00%	1,800,000	9,514,939	81,835,293	70,520,353	-	38,529,017	6,195,084	1,858,525	4,336,559
HealthCare Diwan Chand Imaging LLP	31/03/17	INR	75.00%	32,722,436	(5,742,520)	28,435,806	1,455,890	-	25,750,891	(6,084,640)	(1,845,000)	(4,239,640)
HCG Oncology LLP	31/03/17	INR	74.00%	107,328,617	(61,508,929)	495,299,447	449,479,759	-	190,852,183	(79,405,975)	(24,086,158)	(55,319,817)
HCG (Mauritius) PVT. LTD.	31/03/17	INR	100.00%	23,406,864	(3,019,987)	22,323,152	1,936,275	22,272,059	-	(1,398,828)	-	(1,398,828)
		USD	100.00%	361,002	(46,577)	344,288	29,863	343,500	-	(21,574)	-	(21,574)
Healthcare Global (Africa) Pvt. Ltd	31/03/17	INR	100.00%	7,326,891	9,567,519	20,012,175	3,117,764	9,790,175	-	(3,648,727)	-	(3,648,727)
		USD	100.00%	113,002	147,559	308,646	48,085	150,993	-	(56,274)	-	(56,274)
APEX HCG Oncology Hospitals LLP	31/03/17	INR	50.01%	132,917,559	535,407	459,435,773	325,982,807	-	-	535,407	-	535,407
HCG NCHRI Oncology LLP	31/03/17	INR	76.00%	75,929,601	6,272,722	344,222,191	262,019,868	-	-	9,077,746	2,805,023	6,272,722
HCG Manavata Oncology LLP	31/03/17	INR	51.00%	216,836,121	8,929,522	304,542,398	78,776,755	-	34,792,612	13,062,698	4,133,176	8,929,522
HCG EKO Oncology LLP	31/03/17	INR	50.50%	5,000,000	-	5,100,000	100,000	-	-	-	-	

As on 31.03.17: 1 US$ = Rs. 64.8386, 1 UGX=Rs.0.0177, 1 TZS = Rs. 0.0284

Reserves & surplus of Healthcare Global (Africa) Pvt. Ltd includes share application money pending allotment of USD 230,498

ANNEXURE 7

Highlights of dividend distribution policy

1. Parameters for dividend distribution

A. **The circumstances to be evaluated to ascertain if the shareholders of the Company may or may not expect Dividend:** The Shareholders of the Company may expect dividend only if the Company has sufficient profits and free reserves with surplus cash after providing all expenses, depreciation etc., and complying all other statutory requirements of the Companies Act, 2013. Company's expansion plan shall also be a major factor for taking the dividend decision and determining the dividend amount.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

B. Without prejudice to the generality of the aforesaid clause, the factors/parameters falling within the following categories shall be considered while making decision on dividend distribution

(i). Internal factors to be considered for declaration of Dividend

(a) **Growth Prospects** - The Company's financial requirements are directly related to the growth strategy. The fund requirement of the Company for growth opportunities is key criteria to arrive if Dividend maybe declared by the Board of Directors.

(b) **Company's liquidity position** - Dividend payout decision is affected by the Company's liquidity position. In spite of sufficient retained earnings, the Company may not be in a position to pay dividend if the earnings are not held in cash.

(c) **Repayment need** - Company uses several forms of debt financing to meet its investment needs which must be repaid at maturity. If the Company may have to retain its profits for the purpose of repaying debt, the dividend payment capacity would change.

(d) **Timing of Investment Opportunities** - Dividend decisions shall be made in the light of timing of investment opportunities available with the Company.

(e) **Ability to Borrow** – According to the provisions of Companies Act, the ability to borrow is determined on the basis of paid-up share capital and free reserves, and if the Company has any plan to borrow in near future in that case to strengthen its ability to borrow, Company can retain its current profits.

(f) **Other Factors** - The Board shall take into account various other factors while declaring Dividend, which inter alia includes:

I. Profits earned during the year;

II. Present & future Capital requirements of the existing businesses;

III. Brand/Business Acquisitions;

IV. Expansion/Modernization of existing businesses;

V. Additional investments in subsidiaries/ associates of the Company;

VI. Fresh investments into external businesses;

VII. Any other factor as deemed fit by the Board.

(ii). External Factors that shall be considered for declaration of Dividend

(a) **Statutory Restrictions** – Subject to provisions of the Act, the Company cannot pay more in dividend than the sum of its current year's profit and past retained earnings.

(b) **Contractual Restrictions/Restrictions in Debt Covenants** - Company's ability to pay dividends will depend on any restrictive provisions if signed in a loan agreement (which will surely be done with the prior permission of shareholders by way of passing resolution).

(c) **Economy in general state** - In uncertain economic conditions, Company may be required to retain large part of earnings to build reservoir to absorb future hurdles. Period of recession or inflation or beginning stages of it, then also Company may retain large part of earning to maintain the liquidity.

(d) **Markets Behavior** - When the capital markets are favorable, dividend pay-out may be liberal. However, in case of unfavorable market conditions, Board may resort to a conservative dividend pay-out in order to save cash outflows.

2. Policy as to how the retained earnings shall be utilized

Reserve or Retained Earnings shall be used for emergencies, non- recurring expenditures, or major capital expenditure or new projects or investment that cannot be accommodated through current year savings. The main advantage of having retained earnings is to have financial resources to reinvest in their operations, creating growth. Retained earnings fund several projects such as research and development and facility construction, renovation and expansion and to purchase equipment and other assets as well as pay off Company debts and liabilities. It shall be the discretion of the Board of Directors to:

(a). Maintain a minimum level of unreserved retained earnings;

(b). Use for working capital or redemption of securities;

(c). Use for unanticipated and emergency expenditures;

(d). Use for equipment replacement or purchase of any new capital assets;

(e). Use for investment;

(f). Use for such other purposes as may be determined by the Board of Directors in compliance with the applicable laws.

3. Provisions with regard to dividend

(i). **Payment of dividend** – Subject to the provisions of the Act and SEBI (LODR) Regulations and MOA & AOA and the terms & conditions of the issue of securities by the Company, the Company may pay dividend in proportion to the amount paid up on each share.

(ii). **Transfer to the reserves** – Company may, before declaration of any dividend in any financial year, transfer such percentage of its profit for that financial year as it may consider appropriate to the reserves of the Company.

(iii). **Declaration of Dividend in case of inadequacy or absence of profits in any financial year** – In the event of inadequacy or absence of profits in any year, the Company may in accordance with the provisions of the Act and rules and regulations made thereunder, declare dividend out of free reserves subject to the fulfillment of the following conditions, namely:

(a). The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

(b). The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

(c). The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid up share capital as appearing in the latest audited financial statement.

(iv). **Interim Dividend** – The Board of Directors may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared. Provided that in case the Company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years.

(v). **Payment of Final Dividend** – Subject to approval of shareholders in Annual General Meeting, the Board of the Company may recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy, based on the profits arrived at as per the audited financial statements.

(vi). **Payment of Interim Dividend** – Board may declare Interim Dividend at its absolute discretion in line with this Policy, based on profits arrived at as per quarterly (or half- yearly) financial statements.

(vii). **Form and Mode of Dividend** – The dividend shall be paid only in cash form through use of any electronic mode of payment facility approved by Reserve Bank of India.

(viii). **Prior Intimation of Dividend** – The Company shall give prior intimation (at least two working days in advance, excluding the date of the intimation and date of meeting) to stock exchange(s) about the Board Meeting in which the declaration/recommendation of dividend will be considered.

(ix). **Record Date or Date of closure of transfer books** – The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

4. Disclosures

The Dividend Distribution Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

5. Amendment/Review

The Board of Directors reserves the right to amend or modify or review this Policy in whole or in part, at any point of time or periodically.

Corporate Governance Report 2016- 2017

I. Company's philosophy on code of governance

We at HealthCare Global Enterprises Limited ("HCG" or "the Company") believe that effective governance is achieved through a culture of transparency and openness between management and the Board and across the stakeholders. This report, while detailing the required governance and regulatory assurances and disclosures, also provides an insight into how governance operates at HealthCare Global Enterprises Limited and how effective governance supports and guides our culture and behaviours.

The Board discharges some of its responsibilities directly and delegates certain other responsibilities to it committees to assist it in carrying out its function of ensuring independent oversight. The Board also delegates authority for the operational management of the business to the Chairman and CEO for further delegation by him in respect of matters that are necessary for the effective day-to-day running and management of the business.

A report on Corporate Governance, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as applicable is outlined below.

II. Board of Directors

A. COMPOSITION OF BOARD

Our Board comprises directors with a broad range of skills, experience, backgrounds and perspectives. This mix of skills, knowledge and experience enriches the Board discussion and contributes towards a high performing and effective Board.

As of March 31, 2017, our Board had eight Non-Executive Directors and one Executive Director who is Chairman of our Board. Of the eight Non-Executive Directors, five are Independent Directors and are free from any business or other relationship that could materially influence their judgment. All the Independent Directors satisfy the criteria of independence as defined under the Companies Act, 2013, and the Listing Regulations. The Company has one woman Director on the Board. The profiles of our Directors forms part of the Annual Report.

B. INFORMATION FLOW TO THE BOARD MEMBERS

Information is provided to the Board members on a continuous basis for their review, inputs and approval from time to time. More specifically, we present our annual Strategic Plan and Operating Plans of our business to the Board for their review, inputs and approval. Likewise, our quarterly financial statements and annual financial statements are first presented to the Audit Committee for their review and recommendations and subsequently to the Board of Directors for their approval. In addition, specific cases of acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the Committees of the Board and later with the recommendation of Committee to the Board of Directors for their approval.

As a system, in most cases, information to Directors is submitted along with the agenda papers well in advance of the Board meeting. Inputs and feedback of Board members are taken in preparation of agenda and documents for the Board meeting.

C. BOARD MEETINGS

To enable the Board to use its time most effectively, it maintains a scheduled forward programme of meetings and a rolling agenda. There is sufficient flexibility in the programme for specific items to be added to any particular agenda to ensure that the Board can focus on the key matters at the appropriate time. The Board also schedules a number of informal sessions and interactions, which allows Board members to discuss areas of the business, strategy and the external environment with members of the Management Team. Generally, members of the Management Team and other senior executives are invited to attend part of the meetings to ensure effective interaction with the Board.

Our Board meetings are normally scheduled for a day. The gap between two meetings did not exceed 120 days. The necessary quorum was present for all the meetings. In addition, Independent Directors meet amongst themselves exclusively, before the Board Meeting.

The Board met four times during the financial year 2016-17 viz., on, May 26, 2016, August 12, 2016, November 10, 2016 and February 8, 2017.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2017 is provided in the below table:

Sl. No.	Name	Position	Number of Board Meetings attended
1.	Dr. B. S. Ajaikumar	Chairman	4
2.	Mr. Gangadhara Ganapati	Member	4
3.	Mr. Rajesh Singhal	Member	1
4.	Mr. Prakash Parthasarathy	Member	2
5.	Dr. Jennifer Lee	Member	1
6.	Dr. Sudhakar Rao	Member	4
7.	Mr. Shanker Annaswamy	Member	4
8.	Mr. Suresh C. Senapaty	Member	4
9.	Dr. Sampath T. Ramesh	Member	4
10.	Mrs. Bhushani Kumar	Member	2
11.	Dr. Ramesh S. Bilimagga	Member	1
12.	Dr. Amit Varma	Member	1

Mr. Prakash Parthasarathy, retired by rotation at the Annual General Meeting held on September 29, 2016 and did not seek reappointment at the AGM. Dr. Jennifer Gek Choo Lee, Non-Executive Director, nominee of V-Sciences Investments Pte Ltd, and Mr. Rajesh Singhal, Non-Executive Director, nominee of Milestone Private Equity Fund have resigned from Directorships with effect from August 12, 2016.

Dr. Ramesh S. Bilimagga and Dr. Amit Varma have been appointed as additional Directors on the Board of the Company on November 10, 2016.

D. LEAD INDEPENDENT DIRECTOR

The Board of Directors of the Company has designated Dr. Sudhakar Rao as the Lead Independent Director.

E. APPOINTMENT OF DIRECTORS

In terms of Section 149 of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms of maximum of five years each and shall not be liable to retire by rotation at the Annual General Meeting. The Board of Directors of the Company adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and Listing Regulations. Details of Directors proposed for re-appointment/appointment at the ensuing Annual general Meeting is provided in the Notice convening the Annual General Meeting.

F. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Nomination and Remuneration Committee have adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration. The Policy is accordingly derived from the said Charter.

G. CRITERIA OF SELECTION OF INDEPENDENT DIRECTORS

Nomination and Remuneration Committee considers the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Independent Director.

i. Qualification, expertise and experience of the Directors in their respective fields such as expertise or experience in Healthcare Industry, Scientific Research & Development, International Markets, Leadership, Finance, Risk Management and Strategic Planning, Law, Administration etc.

ii. Personal, Professional or business standing;

iii. Diversity of the Board.

In case of appointment of Independent Directors, Nomination and Remuneration Committee shall, apart from obtaining a declaration to that effect, satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company, so as to enable the Board to discharge its function and duties effectively.

The Nomination and Remuneration Committee shall also ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013, simultaneously obtaining a declaration in that respect. In case of re-appointment of Independent Directors, the Board shall take into consideration the performance evaluation of the Independent Directors and their engagement level.

H. FAMILIARIZATION PROGRAMME OF DIRECTORS

All new Board of Directors receive an induction programme to enable them to function effectively as quickly as possible, while building a deep understanding of our business and markets. Each induction typically consists of a combination of meetings with both executive and independent directors, briefings from senior managers across the Company.

Details regarding familiarization programme are provided in Company's Corporate Governance Guidelines which is available in www.hcgel.com.

I. REMUNERATION POLICY AND CRITERIA OF MAKING PAYMENTS TO DIRECTORS, SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL

The Independent Directors are entitled to receive remuneration by way of sitting fees and reimbursement of expenses for participation in the Board / Committee meetings.

An Independent Director shall be entitled to receive an amount of INR 1,00,000 as sitting fees for each meeting of the Board and INR 50,000 for a meeting of the Committee of the Board attended by him, subject to revision from time to time by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, apart from re-imbursement of expenses incurred by them for attending the Board/Committee meetings. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.

In determining the remuneration of Chairman and CEO, Executive Directors, Senior Management Employees and Key Managerial Persons, the Nomination and Remuneration Committee shall ensure / consider the following:

a) the relationship of remuneration and performance benchmark is clear;

b) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

c) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and a variable component comprising performance bonus;

d) the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual achievement, individuals' performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.

Chairman and CEO is the only Whole-time Director/Executive Director of the Company. The Nomination and Remuneration Committee of the Board recommends the remuneration for the Chairman and CEO, and the payment of remuneration to the Executive Director is approved by the Board and Shareholders.

J. DETAILS OF REMUNERATION TO DIRECTORS

The Table below provides the remuneration paid to the Directors for the services rendered by them and the Independent Directors towards the sitting fees for the Board/Committee meetings attended by them during the financial year 2016-17. No stock options were granted to any of the Independent Non-Executive Directors during the year 2016-17. None of the Directors are related to each other.

Details of remuneration paid to Directors during the year 2016-17:

Sl. No.	Name of the Director	Salary	Allowances	Commission/ Incentives/ Variable pay	Sitting fees (INR)	Retirals	*Stock options (number of options)
1.	Dr. B. S. Ajaikumar	95,00,008	94,99,992	#89,83,713	Nil	Nil	Nil
2.	Mr. Gangadhara Ganapati	Nil	Nil	Nil	Nil	Nil	6,25,000
3.	Mr. Rajesh Singhal	Nil	Nil	Nil	Nil	Nil	Nil
4.	Mr. Prakash Parthasarathy	Nil	Nil	Nil	Nil	Nil	Nil
5.	Dr. Jennifer Lee	Nil	Nil	Nil	Nil	Nil	Nil
6.	Mr. Sudhakar Rao	Nil	Nil	Nil	7,00,000	Nil	Nil
7.	Mr. Shanker Annaswamy	Nil	Nil	Nil	10,50,000	Nil	Nil
8.	Mr. Suresh C. Senapaty	Nil	Nil	Nil	8,50,000	Nil	Nil
9.	Dr. Sampath. T. Ramesh	Nil	Nil	Nil	6,50,000	Nil	Nil
10.	Mrs. Bhushani Kumar	Nil	Nil	Nil	2,50,000	Nil	Nil
11.	Dr. B. S. Ramesh	Nil	Nil	Nil	Nil	Nil	Nil
12.	Dr. Amit Varma	Nil	Nil	Nil	Nil	Nil	Nil

* Note: Mr. Gangadhara Ganapati, Director had exercised 6,25,000 stock options at INR 110.68 per stock option during the financial year 2016-17.

The Board of Directors and the Shareholders of the Company at their meeting held on May 26, 2016 and September 29, 2016, respectively, have approved a fixed remuneration of INR 1.9 Crores per annum and a variable remuneration of upto INR 3 Crores to Dr. B. S. Ajaikumar based on achievement of certain milestones at the end of the financial year. The Nomination and Remuneration Committee and the Board of Directors of the Company have approved variable remuneration of INR 89,83,713 to Dr. B. S. Ajaikumar for the financial year 2016-17. The Company proposes to seek the approval of MCA for the payment of variable remuneration to Dr. B. S. Ajaikumar, as the overall remuneration (comprising of both fixed and variable component) would exceed the permissible limits in terms of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

K. Key Information pertaining to Directors as on March 31, 2017 is given below:

Sl. No.	Name of the Director	Category	Date of appointment	Directorship in other Companies*	Chairmanship in Committees of Board of other Companies	Membership in Committees of Board of other Companies	Attendance at the last AGM held on September 29, 2016	No. of shares held as on March 31, 2017	Director Identification Number (DIN)
1.	Dr. B. S. Ajaikumar	Promoter, Executive Director	07/03/2000	8 (excluding Companies not-for profit and LLPs)	Nil	Nil	Yes	1,76,42,739	00713779
2.	Mr. Gangadhara Ganapati	Non- Executive Non- Independent Director	21/12/2005	1	Nil	Nil	No	23,07,780	00489200
3.	Dr. Sudhakar Rao	Independent Director	25/02/2015	5 (excluding Companies not-for profit and LLPs)	1	2	Yes	Nil	00267211
4.	Mr. Shanker Annaswamy	Independent Director	25/02/2015	2	Nil	1	No	Nil	00449634
5.	Mr. Suresh C. Senapaty	Independent Director	29/05/2015	7 (excluding Companies not-for profit and LLPs)	1	2	Yes	Nil	00018711
6.	Dr. Sampath. T. Ramesh	Independent Director	29/05/2015	Nil	Nil	Nil	Yes	455	03522398
7.	Mrs. Bhushani Kumar	Independent Director	29/05/2015	Nil	Nil	Nil	No	Nil	07195076
8.	Dr. Ramesh S. Bilimagga	Non- Executive Non- Independent Director	10/11/2016	3	Nil	Nil	Not Applicable	2,62,356	00518434
9.	Dr. Amit Varma	Non- Executive Non- Independent Director	10/11/2016	7 (excluding Companies not-for profit and LLPs)	Nil	Nil	Not Applicable	Nil	02241746

* This includes directorship in private and public companies but does not include directorship in foreign companies, Section 8 companies and LLPs where the individual serves as designated partners.

None of our Directors were members in more than 10 committees and has not acted as Chairman of more than five committees across all companies in which they were Directors. The Committee membership and Committee chairmanship shown above includes Audit Committee and Stakeholders Relationship Committee.

III. Governance by the sub-committee of the Board of Directors

The Board places significant reliance on its Committees by delegating a broad range of responsibilities and issues to them. It therefore remains crucial that effective linkages are in place between the Committees and the Board as a whole, not least as it is impracticable for all independent non-executive Directors to be members of all of the committees. Mechanisms are in place to facilitate these linkages. Alongside interconnected committee membership, the Board receives minutes of each of the committee's meetings.

The Board has five sub-committees of the Board as of March 31, 2017.

A. Audit and Risk Management Committee

B. Nomination and Remuneration Committee

C. Stakeholders' Relationship Committee

D. Corporate Social Responsibility Committee

E. Strategy Committee

A. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Board reviews, acts on and reports to our Board with respect to various auditing and accounting matters. The scope and function of the Audit and Risk Management Committee is in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (LODR) Regulations and its terms of reference inter-alia, include the following:

a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommending to the Board, the appointment, re-appointment, replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;

c) Review and monitor the auditor's independence and performance and effectiveness of audit process;

d) Approval of payments to the statutory auditors for any other services rendered by statutory auditors;

e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;

    ii) Changes, if any, in accounting policies and practices and reasons for the same;

    iii) Major accounting entries involving estimates based on the exercise of judgment by management;

    iv) Significant adjustments made in the financial statements arising out of audit findings;

    v) Compliance with listing and other legal requirements relating to financial statements;

    vi) Disclosure of any related party transactions; and

    vii) Qualifications and modified opinions in the draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

g) Scrutiny of inter-corporate loans and investments;

h) Valuation of undertakings or assets of our Company, wherever it is necessary;

i) Evaluation of internal financial controls and risk management systems;

j) Approval or any subsequent modification of transactions of our Company with related parties;

k) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

l) Approving or subsequently modifying transactions of the Company with related parties;

m) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

n) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

o) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

p) Discussion with internal auditors on any significant findings and follow up thereon;

q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

r) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

t) Approval of appointment of the chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging the function) after assessing the qualifications, experience and background, etc. of the candidate;

u) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

v) Carrying out any other functions as is mentioned in the terms of reference of the Audit and Risk Management Committee; and

w) To formulate, review and make recommendations to the Board to amend the Audit and Risk Management Committee charter from time to time.

As per the Companies Act 2013 and Listing Regulations, the Chairman of the Audit and Risk Management Committee shall be present at the Annual General Meeting. Our Chief Financial Officer and other Corporate Officers make periodic presentations to the Audit and Risk Management Committee on various issues.

All the members of our Audit and Risk Management Committee are Independent Non-Executive Directors and financially literate. The Chairman of Audit and Risk Management Committee has the accounting and financial management related expertise. Statutory Auditors as well as Internal Auditors hold independent meetings with the Audit and Risk Management Committee.

Audit and Risk Management Committee met five times during the year, i.e., April 27, 2016, May 25, 2016, August 12, 2016, November 10, 2016 and February 7, 2017. The composition of the Audit and Risk Management Committee and their attendance at the committee meetings are given in the below table.

Name	Position	Number of meetings attended
Mr. Suresh C. Senapaty	Chairman	5
Dr. Sudhakar Rao	Member	5
Mr. Shanker Annaswamy	Member	5
Dr. B. S. Ajaikumar	Member	2 (Ceased to be a member of the Committee with effect from May 25, 2016)
Mr. Rajesh Singhal	Member	1 (Ceased to be a member of the Committee with effect from May 25, 2016)

B. NOMINATION AND REMUNERATION COMMITTEE

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and regulation 19 of the SEBI (LODR) Regulations. The terms of reference of the Nomination and Remuneration Committee inter-alia, include:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

b) Formulation of criteria for evaluation of Independent Directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who qualify to become Directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) Analysing, monitoring and reviewing various human resource and compensation matters;

f) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

j) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and

k) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Nomination and Remuneration Committee.

Nomination and Remuneration Committee of the Board has met four times during the year 2016-17, i.e., May 26, 2016, August 12, 2016, November 10, 2016 and February 7, 2017.

The composition of the Nomination and Remuneration Committee and their attendance at the committee meetings are given in the below table.

Name	Position	Number of meetings attended
Mr. Shanker Annaswamy	Chairman	4
Dr. Sampath T. Ramesh	Member	4
Mr. Prakash Parthasarathy	Member	2 (Ceased to be a Director and member of the Committee with effect from September 29, 2016)
Dr. Jennifer Gek Choo Lee	Member	1 (Ceased to be a Director and member of the Committee with effect from August 12, 2016)
Mr. Gangadhara Ganapati	Member	1 (Member of the Committee with effect from November 10, 2016)

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

This Committee is constituted in compliance with Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations as Stakeholders' Relationship Committee.

The terms of reference of the Stakeholders' Relationship Committee inter-alia, include the following:

a) Redressal of shareholders'/investors' grievances;

b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

c) Issue of duplicate certificates and new certificates on split/consolidation/renewal;

d) Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by our Company to its shareholders; and

e) Carrying out any other function as prescribed under the Equity Listing Agreement.

The composition of the Stakeholders Relationship Committee is given in the below table.

Name	Position	Number of meetings attended
Mr. Gangadhara Ganapati	Chairman	2
Dr. B. S. Ajaikumar	Member	2
Dr. Jennifer Gek Choo Lee	Member	None (Ceased to be a Director and member of the Committee with effect from August 12, 2016)

The Chairman of the Committee, Mr. Gangadhara Ganapati is a non-executive director. The Committee met two times during the year 2016-17 i.e., February 6, 2017 and March 24, 2017.

Details of Shareholders Complaints

The details of shareholders complaints received and resolved till March 31, 2017 are as under:

No. of complaints remaining pending at the beginning of the year	Complaints received during the year	Complaints resolved during the year	No. of complaints remaining pending at the end of the year
-	1	1	-

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on May 29, 2015. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder.

The members of the Corporate Social Responsibility Committee are:

Name	Position	Number of meetings attended
Dr. Sudhakar Rao	Chairman	1
Dr. B. S. Ajaikumar	Member	1
Dr. Sampath T. Ramesh	Member	1
Mrs. Bhushani Kumar	Member	1

The Committee has met once on March 28, 2017 during the financial year 2016-17.

E. STRATEGY COMMITTEE

The Committee was constituted by our Board of Directors at their Meeting held on May 26, 2016 with the scope of reviewing strategic initiatives; and for having an ooversight of the strategic direction of the Company.

The Committee shall, at all times, be composed of at least 4 members of the Board; and the Chairperson of the Committee shall be the Chairman and CEO of the Company. The members of the Committee shall be nominated by the Board of Directors with a right to appoint, replace the members from time to time. The Company Secretary shall act as the Secretary of the Committee. CFO shall be an invitee to the Committee Meetings and would provide support to the Committee in terms of financial analysis and planning.

The present members of the Committee are:

Name	Position	Number of meetings attended
Dr. B. S. Ajaikumar	Chairperson	4
Mr. Gangadhara Ganapati	Member	4
Mr. Suresh Senapaty	Member	4
Mr. Shanker Annaswamy	Member	4
Dr. Amit Varma	Member	(Member with effect from February 8, 2017)

The Committee has met once on March 28, 2017 during the financial year 2016-17.

Primary responsibilities of the Committee, inter alia, are:

a) Oversight of the strategic direction of the Company

b) Making recommendations to the Board, related to the organization's mission, vision, strategic initiatives, major programs and services and periodic review of the same.

c) Helping management identify critical strategic issues facing the organization, assisting in analysis of alternative strategic options.

d) Ensuring management has established an effective strategic planning process, including development of a three to five year Strategic Plan with measurable goals and time targets.

e) Annually reviewing the Company's Strategic Plan and recommending updates as needed based on changes in the market, community needs and other factors.

f) Debate and discuss the outside-in-perspective (from a macro economic and technology trends) and see how this could possibly influence our choices as well as potential risks we may have to overcome.

g) Evaluate new investment proposals and expansions of existing business and make suitable recommendation to the Board for adoption.

h) Discuss thoughts on Mergers and Acquisitions and Strategic alliances and leverage Strategy Committee to suggest ideas and potentially open up sole sourced transactions.

i) Development of plans to implement the Company strategy.

j) Review of the Company's progress with respect to implementation of its strategy. The Committee will regularly review, discuss, and, where appropriate, make recommendations to management on the Company's vision as well as share with management the Board's expectations for the strategic planning process.

k) Delegation of power to the Chairman of the Company to approve investments up to specified limits.

l) Examine specific proposals such as acquisition or divestment of companies or similar such proposals requiring the approval of the Board and make appropriate recommendations to the Board.

m) Advising and guiding CFO organization for developing formats for financial analysis of new projects, mergers and acquisitions etc., and for presenting financial information for evaluating investment opportunities.

The Committee has met four times i.e., on July 7, 2016, November 07, 2016, January 25, 2017 and February 07, 2017 during the financial year 2016-17.

IV. Governance Through Management process

A. CODE FOR PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information and has been made available on the Company's website at www.hcgel.com

B. DISCLOSURE POLICY

In line with requirements under regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations, which is available on our website at www.hcgel.com. The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of information on an on-going basis. The Company has constituted a Disclosure Committee consisting of senior officials, which approves all disclosures required to be made by the Company. The Company Secretary acts as Secretary to the Disclosure Committee.

C. WHISTLE BLOWER POLICY:

The Company has adopted the Whistle Blower Policy which provides for a channel for receiving and redressing complaints from employees and directors. Under this policy, we encourage our employees to report any fraudulent, financial or other, information to the stakeholders, any conduct that results in violation of the Company's Code of Business Conduct, to management (on an anonymous basis, if employees so desire). Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. Mechanism followed under policy is appropriately communicated within the Company across all levels and has been displayed on the Company's intranet and website at www.hcgel.com.

D. POLICY FOR PRESERVATION OF DOCUMENTS:

Pursuant to the requirements under Regulation 9 of the Listing Regulations, the Board has formulated and approved a Document Retention Policy prescribing the manner of retaining the Company's documents and the time period up to certain documents are to be retained.

E. POLICY FOR PREVENTION, PROHIBITION & REDRESSAL SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2014, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization.

V. Other Disclosures

A. DISCLOSURE OF MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

All transactions entered into with the related parties as defined under the Companies Act, 2013, during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large.

In terms of Regulation 23 of the SEBI (LODR) Regulations, the Company has adopted a policy on Related Party Transactions, Framework document around the Policy and certification process for purpose of identification, monitoring and reporting of such transactions. The abridged policy on Related Party Transactions as approved by the Audit Committee and the Board is available on the Company's website at www.hcgel.com.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company, other than the managerial remuneration and sitting fee paid to Chairman & CEO and Independent Directors, respectively. During the year 2016-17, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company and the concerned officials have given undertakings to that effect as per the provisions of the Listing Regulations. Register of Contracts or arrangements in which Directors are interested in terms of Section 189 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

B. DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS.

The company listed its shares with National Stock Exchange of India Limited and BSE Limited with effect from March 30, 2016. During the period, the Company has complied with all the requirements of the Stock Exchange or SEBI or any other statutory authority on matters related to Capital Markets, as applicable, since listing on the stock exchanges. The Company has not been imposed with any penalty/fines in respect of non-compliance with regulations by Stock Exchange or SEBI or any statutory authority related to capital markets during the period.

C. WHISTLE BLOWER POLICY AND AFFIRMATION THAT NO PERSONNEL HAVE BEEN DENIED ACCESS TO THE AUDIT COMMITTEE

The Company has adopted a Whistle Blower Policy which is a channel for receiving and redressing of employees' complaints. No personnel in the Company has been denied access to the Audit and Risk Management Committee or its Chairman.

D.POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. Accordingly, a policy on material subsidiaries has not been formulated.

E. FRAMEWORK TO MONITOR SUBSIDIARY COMPANIES

All the subsidiary companies of the Company are managed with their Boards having the rights and obligations to manage these companies in the best interest of their stakeholders. The Company nominates its representatives on the Board of subsidiary companies and monitors performance of such companies, inter alia, by reviewing:

a. Financial statements, statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies forming part of the financials

b. Minutes of the meetings of the unlisted subsidiary companies, if any, are placed before the Company's Board regularly.

F. CERTIFICATE ON COMPLIANCE WITH NORMS OF CORPORATE GOVERNANCE

The certificate in terms of Listing Regulations obtained from Statutory Auditors of the company is annexed herewith and forms part of the Annual Report.

G. UNCLAIMED SHARES

There are no shares in the DEMAT suspense account or the unclaimed suspense account.

The disclosure as required under SEBI (LODR) Regulations is given below:

- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil
- Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Nil
- Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Nil
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil
- Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: NA

H. COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS

Your Company has complied with all mandatory requirements of SEBI (LODR) Regulations with respect to Corporate Governance to the extent applicable to the company.

Your Company has complied with the discretionary requirement of SEBI (LODR) Regulations with respect to the Audit Report since there were no audit qualification/ observation on your company's financial statements, during the year under review.

I. CODE OF CONDUCT FOR THE BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors and all Senior Management of the Company have a responsibility to understand and follow the Code of Conduct. They are expected to perform their work with honesty and integrity. The Code reflects general principles to guide employees in making ethical decisions. The Code outlines standards for fair dealing, honesty and integrity, health, safety and environment that need to be maintained for professional conduct. This Code has been displayed on the Company's website www.hcgel.com.

J. DECLARATION AS REQUIRED UNDER REGULATION 34 (3) AND SCHEDULE V OF THE LISTING REGULATIONS

All Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2017.

Bangalore
May 24, 2017

Dr. B. S. Ajaikumar
Chairman & CEO

General Shareholder Information

A. Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Company Affairs, Government of India is L15200KA1998PLC023489 and our Company Registration Number is 23489.

B. Annual General Meeting

The Nineteenth Annual General Meeting of the company is scheduled to be held as under:

The Day, date and time: Thursday, the 10th day of August 2017 at 4.00 P.M.

Venue: M. S. Ramaiah Memorial Hospital Auditorium, M. S. Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post, Bangalore – 560054.

GENERAL BODY MEETINGS

i. Details of last three Annual General Meeting

Particulars	Date & Time	Venue	Special Resolutions passed
For the Financial year ended March 31, 2016 - Eighteenth AGM	September 29, 2016 at 3.00 p.m.	No. 9/1, P. Kalinga Rao Road, Sampangi Rama Nagar, Bangalore – 560027, Karnataka, India	1. Increase in remuneration of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO 2. To permit Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPI) and Qualified Foreign Investors (QFI) to acquire and to make investment in the equity shares of the Company 3. Issue of further shares to employees under a Scheme of Employees' Stock Option
For the Financial year ended March 31, 2015 - Seventeenth AGM	September 28, 2015 at 11.00 a.m.	Corporate office of the Company at No. 3, Ground Floor, Tower Block, Unity Building Complex, Mission Road, Bangalore – 560027, Karnataka, India	None
For the Financial year ended March 31, 2014 -Sixteenth AGM	September 30, 2014 at 11.30 a.m.	Registered office of the Company at HCG Towers, No. 8, P. Kalinga Rao Road, Sampangi Rama Nagar, Bangalore – 560027, Karnataka, India	1. Authorise borrowings in excess of limits prescribed under The Companies Act, 2013 2. Authorise creation of security in respect of borrowings in excess of limits prescribed under The Companies Act, 2013

ii. Details of Special Resolutions passed in Extraordinary General Meetings

At the Extraordinary General Meeting held on June 15, 2015, the shareholders have passed Special Resolutions as listed below:

1. Approve Initial Public Offer of the company under Section 62 of the Companies, Act, 2013 for issue of up to 1,40,00,000 Equity shares (fresh issue) to the public and took note of the offer for sale of up to 2,30,00,000 Equity shares by existing members of the company
2. Adoption of new set of Articles of Association

At the Extraordinary General Meeting held on July 13, 2015, the shareholders have passed Special Resolution as listed below:

1. Re-appointment of Dr. B. S. Ajaikumar as whole time Director of the company designated as Chairman & CEO for a period of 4 years
2. Maintenance of Register of Members and other related books at a place other than the Registered Office of the company
3. Approve Employee Stock Option Scheme 2014

iii. Details of Postal Ballot

The Company did not conduct any postal ballots during the year.

C. Means of Communication

i. Means of Communication with Shareholders / Analysts

We have established procedures to disseminate, in a planned manner, relevant information to our shareholders, analysts, employees and the people at large.

All our news releases and presentations made at investor conferences and to analysts are posted on the Company's website at www.hcgel.com.

Our quarterly results are published in widely circulated newspapers such as The Business Standard, and the Vijayawani.

ii. **Website:** The Company's website contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual report of the Company, press releases, quarterly reports of the Company apart from the details about the Company, Board of directors and Management, are also available on the website in a user friendly and downloadable form at www.hcgel.com.

iii. **Annual Report:** Annual Report containing audited standalone accounts, consolidated financial statements together with Directors' report, Auditors report and other important information are circulated to members entitled thereto.

D. Financial year of the company

The Financial year of the Company starts from 1st April of every year and ends on 31st March of succeeding year and the current financial year is from 1st April 2016 to 31st March 2017. The company got its securities listed on BSE Limited and National Stock Exchange of India Limited on 30th March 2016.

E. Dividend

Keeping in view the growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus, not recommended any dividend for the financial year under review.

F. Unclaimed Dividends

The company has not declared dividend in the previous years and hence there in no requirement to transfer the unpaid or unclaimed dividend on due date to the Investor Education and Protection Fund administered by the Central Government Pursuant to Section 124 and 125 of Companies Act, 2013.

G. Listing on Stock Exchanges

As on date, the Company's Equity Shares are listed on the following Stock Exchanges

- National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.

  Website: www.nseindia.com

- BSE Limited, Phiroze Jheejheebhoy Towers, Dalal Street, Fort, Mumbai-400001.

  Website: www.bseindia.com

The Company has paid the Annual Listing Fees to both NSE and BSE and there are no outstanding payments as on date.

H. International Securities Identification Number (ISIN)

ISIN is an identification number for traded shares. This number needs to be quoted in each transaction relating to the dematerialized equity shares of the Company. Our ISIN number for equity shares of the company is INE075I01017.

I. Stock Code

Equity shares	Stock codes
BSE Limited	539787
National Stock Exchange of India Limited	HCG

Distribution of shareholding as on March 31, 2017

Category (Shares)	No. of Holders	% To Holders	No. of Shares	% of total Equity
1 – 500	9055	83.83	899796	1.05
501 - 1000	1078	9.98	827295	0.97
1001 - 2000	219	2.03	312587	0.36
2001 - 3000	86	0.80	217609	0.25
3001 - 4000	43	0.40	150382	0.18
4001 - 5000	15	0.34	171762	0.20
5001 - 10000	37	0.67	508309	0.59
10001 and above	211	1.95	82625246	96.40
TOTAL:	10802	100.00	85712986	100.00

J. Share Price Data

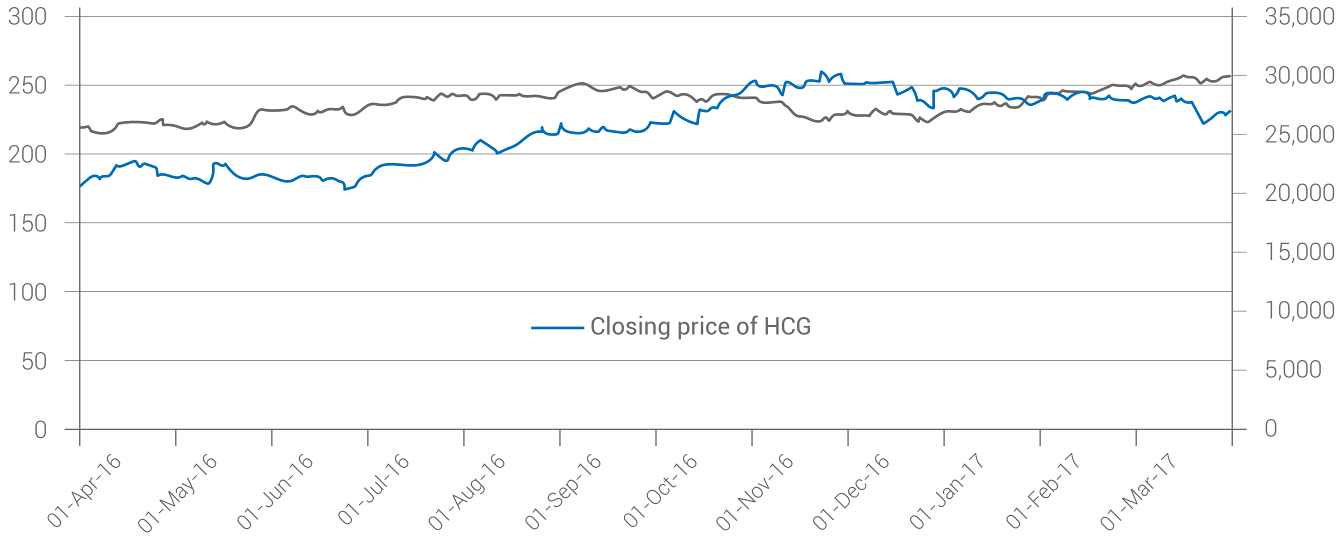
i. National Stock Exchange of India Limited

Date	Price of shares				Turnover in INR Lacs
	Open (INR)	High (INR)	Low (INR)	Close (INR)	
1-April-2016	178.10	196.40	174.55	183.30	8670.04
02-May-2016	180.00	207.00	173.55	181.25	2446.11
01-June-2016	181.40	185.50	167.00	183.65	1565.21
01-July-2016	183.80	211.70	180.10	203.25	2557.62
01-August-2016	202.05	227.95	198.00	219.80	7544.92
01-Septembe-2016	219.05	224.55	211.65	221.05	3456.10
03-October-2016	221.00	250.00	216.05	248.40	4016.15
01-November-2016	241.00	264.90	204.65	249.60	8170.98
01-December-2016	250.50	253.85	225.10	247.50	3015.23
02-January-2017	243.20	249.95	229.50	243.25	1820.41
01-February-2017	243.35	248.80	233.80	236.30	7974.99
01-March-2017	237.30	246.00	215.60	229.45	24244.70

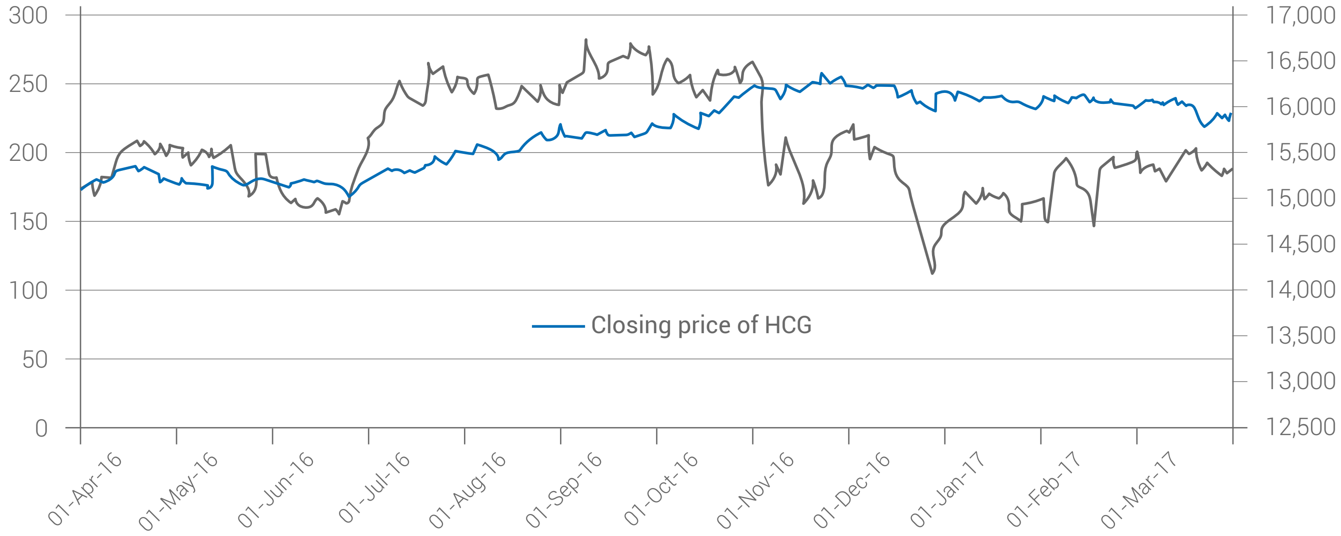
ii. BSE Limited

Date	Price of shares				Turnover in INR Lacs
	Open (INR)	High (INR)	Low (INR)	Close (INR)	
1-April-2016	178.80	196.50	174.00	182.30	275.6
02-May-2016	184.30	207.00	175.00	181.80	51.7
01-June-2016	182.00	185.30	167.00	182.50	17.8
01-July-2016	182.35	211.00	179.00	202.25	24.1
01-August-2016	201.45	227.30	181.50	222.25	463.9
01-Septembe-2016	220.10	224.40	210.05	220.25	33.6
03-October-2016	222.00	250.00	217.00	248.65	200.8
01-November-2016	247.75	262.00	211.90	249.75	176.0
01-December-2016	250.00	255.00	225.60	245.65	75.10
02-January-2017	243.75	249.90	231.00	241.70	87.7
01-February-2017	241.75	249.00	230.00	236.40	254.5
01-March-2017	236.50	247.00	215.45	230.55	29.3

HCG and BSE Sensex share price movement from April 1, 2016 to March 31, 2017



HCG and BSE Healthcare Index share price movement from April 1, 2016 to March 31, 2017



K. Shareholding pattern – Physical Vs DEMAT

The pattern of shareholding in physical as against in DEMAT mode as on March 31, 2017 as is under:

Sl. No	Description	Cases	Shares	% Equity
1	PHYSICAL	202	32,93,283	3.84
2	NSDL	6,918	8,09,30,447	94.42
3	CDSL	3,682	14,89,256	1.74
	Total:	10,802	8,57,12,986	100.00

Out of total 10,802 shareholders, 202 shareholders hold 32,93,283 shares, amounting to 5.39 of total shares, in physical mode as on March 31, 2017.

L. Registrar and Transfer Agents

The Company's Registrar and Share Transfer Agent is M/s. Karvy Computershare Private Limited for handling the shares held in physical as well as dematerialised mode. The shareholders may address all their correspondence directly to the RTA.

Address for correspondence

The address of our Registrar and Share Transfer Agents is given below.

M/s. Karvy Computershare Private Limited

Unit: HealthCare Global Enterprises Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda

Hyderabad – 500 032

Phone: 040-67162222

Fax: 040-23001153

Contact person name, designation, e-mail id:

Mr. K. S. Reddy, Asst. General Manager - einward.ris@karvy.com

M. Share Transfer System and Reconciliation of Share Capital Audit

Share transfer requests for shares held in physical form received by the Company are processed and share certificates are issued/returned within the time stipulated under the Companies Act and the relevant rules/regulations, where the documents provided are in order and complete in all respects.

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 is carried out by a Practicing Company Secretary for every quarter to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and total issued and listed capital. The Reconciliation of Share Capital Audit Reports confirms that the total issued/paid up capital is same as the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The reports for all the quarters have been filed with the stock Exchanges within the time stipulated under SEBI (LODR) Regulations.

N. Dematerialisation of shares and liquidity

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System. The rejected requests may be resubmitted with necessary documents, which are processed in the normal course once again.

O. Web-based Query Redressal System

Members may utilize this facility extended by the Registrar & Transfer Agents for redressal of their queries. Please visit https://kcpl.karvy.com and click on "investors" option for query registration through free identity registration to log on. Investor can submit the query in the "QUERIES" option provided on the web-site, which would give the grievance registration number. For accessing the status/response to your query, please use the same number at the option "VIEW REPLY" after 24 hours. The investors can continue to put additional queries relating to the case till they are satisfied.

Shareholders can also send their correspondence to the Company with respect to their shares, dividend, request for annual reports and shareholder grievance. The contact details are provided below:

FOR SHAREHOLDER GRIEVANCE REDRESSAL

Ms. Sunu Manuel

Company Secretary and Compliance Officer

HealthCare Global Enterprises Limited

HCG Towers, No. 8, P. Kalinga Rao Road
Sampangi Rama Nagar, Bangalore – 560027

Phone: 080-46607700
Fax: 080-46607749
e-mail: investors@hcgoncology.com

FOR INVESTOR RELATIONS

Mr. Niraj Didwania

Head – Investor Relations

HCG, Unity Building Complex
No. 3, Tower Block
Unity Building Complex, Mission Road, Bangalore – 560027

Phone: 080-46607700
Fax: 080-46607749
e-mail: investors@hcgoncology.com

P. Chairman and Managing Director / CFO Certification

The Chairman and CEO, CFO have issued certificate pursuant to the provisions of Regulation 17 (8) of SEBI (LODR) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

Q. Hospital units/locations

Your company, with its subsidiaries provides healthcare services across India and Africa. Details of locations of units/offices of the Company are as below:

Sl. No.	Address	City, State, Country
1.	HCG Towers, #8, P Kalinga Rao Road, Sampangiram Nagar – 560027	Bangalore, Karnataka
2.	HCG MSR Institute of Oncology, M S Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post – 560054	Bangalore, Karnataka
3.	No. 88, 17th A main, 2nd cross, 5th block, Koramangala	Bangalore, Karnataka
4.	No. 44-45/2, 2nd cross, Raja Ram Mohan Roy Extension – 560027	Bangalore, Karnataka
5.	HCG-Shimoga, 9th Mile Stone, Bidare Bus Stop, B. H. Road, Nidige Post -577222	Shimoga, Karnataka
6.	# 1-10 A, 1-10 Of CTS No.913,875,874, Khuba Post, Station Road -585102	Gulbarga, Karnataka
7.	HCG NMR Cancer Centre, No.166/2B & 167/2A2,Travellors Bunglow Road, Deshpande Nagar – 580029	Hubli, Karnataka
8.	HCG-MIO Pumpwell Circle, Kankanady – 575002	Mangalore, Karnataka
9.	HCG Curie Manavata Cancer Centre, Opp: Mahamarg Bus Stand, Mumbai Naka- 422004	Nashik, Maharashtra
10.	HCG NCHRI Cancer Centre, # 50-51, Mouze Wanjri - 440010	Nagpur, Maharashtra
11.	# 2, Institutional Area, Karkardooma, Vikas Marg Extension – 110092	New Delhi, Delhi
12.	Kauvery HCG Cancer Centre, # 199/90, MBC Towers, Luz Church, TTK Road, Alwarpet Junction, Mylapore – 600004	Chennai, Tamil Nadu

13.	HCG PET CT Centre, Cancer Institute campus, Canal Bank Road, Gandhi Nagar, Adyar – 600020	Chennai, Tamil Nadu
14.	Medical Cyclotron Centre - Dr. Kamakshi Memorial Hospital Campus, #1, Radial Road, Pallikaranai – 600100	Chennai, Tamil Nadu
15.	Kauvery HCG Cancer Centre, # 1, K. C. Road, Thennur -620017	Trichy, Tamil Nadu
16.	# 1, Maharashtra Society, Near Mithakhali Six Roads, Ellisbridge, - 380006	Ahmedabad, Gujarat
17.	HCG Cancer Centre, Near Sola Over bridge, Sola-Science City Road, Off S. G. Highway - 380060	Ahmedabad, Gujarat
18.	HCG Vijay Oncology, # 1 & 2, Besides Gowtham International School, Padavala Revu, Machawaram down, Gunadala – 520004	Vijayawada, Andhra Pradesh
19.	HCG PET-CT Centre, Dornakal road, Near ABC Imaging-520002	Vijayawada, Andhra Pradesh
20.	HCG MNR Curie Cancer Centre, RS No 186/1, Besides Government ITI college, Muktinutala - 532001, Prakasham District	Ongole, Andhra Pradesh
21.	HCG Abdur Razzaque Ansari Cancer Centre, Shop No. 6/A, 3rd Floor, GEL Church Shopping Complex Main Road – 834001	Ranchi, Jharkhand
22.	HCG Panda Cancer Centre, Survey Plot No. 236 (P), 238 & 242, Mouza Arakha kuda,Telengapentha, NH5 – 753051	Cuttack, Orissa
23.	Plot # 1139, Krishna Circle, Sir Pattani Road, Near Meghani Circle -364001	Bhavnagar, Gujarat
24.	Plot No,10,11,&12,Say No.13 APIIC, Health city layout Say No.13, Ward 2, Zone-1, Chinagadili	Visakhapatnam, Andhra Pradesh
25.	30 MTR, Opp: Satsang Party Plot, Sun Pharma Road, Old Padra Road -390012	Vadodara/Baroda, Gujarat
26.	HCG Regency Cancer Centre, A-4, Sarvodaya Nagar – 208005	Kanpur, Uttar Pradesh
27.	HCG Apex Cancer Centre, Holy Cross Road, IC Colony, Off Dahisar Borivali Link Road, Borivali (West) - 400092	Mumbai, Maharashtra
28.	SMH Curie Cancer Centre, Shanti Mukund Hospital, No. 2, Institutional Area, Vikas Marg Extension – 110092	New Delhi, Delhi
28.	Health Care Global (Uganda) Private ltd, Plot No. 90, Kanjokya Street, Suite 7, First Floor, Kamwokya	Kampala, UGANDA
29.	No. 3, Kola Adeyeye Street, Near Toll Gate, Off CMD Road, IKOSI KETU, Lagos	Nigeria
30.	Healthcare Global (Kenya) Private Ltd, M6 Jadala Place, Ngong Lane, Off Ngong Road, Near Nakumatt Prestige	Nairobi, Kenya
31.	Millann Center, E 580 - Greater Kailash Part 2, (Near DT Cinemas) – 110048	New Delhi, Delhi
32.	Milann Center, #7, East Park Road, Kumara Park East - 560001	Bengaluru, Karnataka
33.	Milann Center, #1109, 24th Main Road, J. P. Nagar 1st Phase - 560078	Bengaluru, Karnataka
34.	Milann Center, M S Ramaiah Hospital, M S R Nagar - 560054	Bengaluru, Karnataka
35.	Milann Center, #82, CMH Road, Indiranagar 2nd Stage - 560038	Bengaluru, Karnataka
36.	Milann Center, # 396, Sector 46-A, 160 047	Chandigarh
37.	Milann Center, 36, Turner Road, 305, 3rd Floor, B Wing, Bandra (W) – 400050	Mumbai, Maharashtra

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

The Board of Directors
HealthCare Global Enterprises Limited
Bangalore

Dear members of the Board,

1. We have reviewed the financial statements and the cash flow statement of HealthCare Global Enterprises Limited for the year ended 31st March, 2017 and to the best of our knowledge and belief:
    a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
    a. that there are no significant changes in internal control over financial reporting during the year;
    b. that there are no significant changes in accounting policies during the year; and
    c. that there are no instances of significant fraud of which we have become aware.

Bangalore
May 24, 2017

Dr. B. S. Ajaikumar
Chairman & CEO

Yogesh Patel
Chief Financial Officer

Independent Auditor's Certificate On Corporate Governance

To,
The Members Of
HEALTHCARE GLOBAL ENTERPRISES LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated November 03, 2016
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of HealthCare Global Enterprises Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations)

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

Bengaluru, May 24, 2017

Management Discussion and Analysis

The following discussion of our financial condition and results of operations should be read together with the Audited Financial Statements, the notes and significant accounting policies thereto and the reports thereon, on the Financial Statements.

Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present our state of affairs, profits/loss and cash flows for the year. Investors are also requested to note that this discussion is based on the consolidated financial results of the Company.

Healthcare market

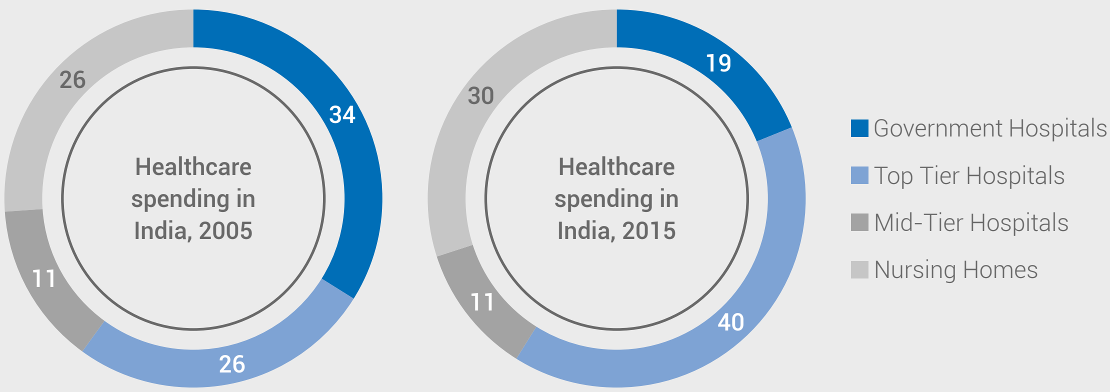
Indian healthcare market is expected to rank amongst the top three in terms of incremental growth by 2020. India was the sixth largest market globally in terms of size in 2014. The industry is expected to advance at a CAGR of 22.87 per cent during 2015–2020 to reach USD 280 billion. Rising income levels, ageing population, growing health awareness and changing attitude towards preventive healthcare is expected to boost healthcare services demand in future. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research. Conducive policies for encouraging FDI, tax benefits, favourable government policies coupled with promising growth prospects have helped the industry attract private equity, venture capitals and foreign players.

Overall, the growth in the Indian healthcare industry will be primarily driven by socio-economic changes such as growing health awareness, increasing per-capita income, increasing penetration of health insurance, increasing instances of lifestyle diseases and an ageing population; technological advancements such as continuing development of mobile technology which will enhance the delivery of healthcare through telemedicine; affordability of healthcare in India, which will attract more patients as the treatment for major surgeries in India costs less than the cost in a developed country; and government policies in India that support the growth in the healthcare industry such as tax reliefs on hospitals in tier II and tier III cities, which will attract healthcare investment in these areas.

The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry, which comprises around 80 per cent of the total market. Private sector's share in hospitals and hospital beds is estimated at 74 per cent and 40 per cent, respectively.

A major portion of secondary, tertiary and quaternary healthcare institutions comes from private sector. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry with the sector poised to grow to USD280 billion by 2020.

"Indian Hospital Services Outlook"
(Source: Report by consultancy RNCOS, Grand Thornton, LSI Financial Services, OECD, Techsri Research)



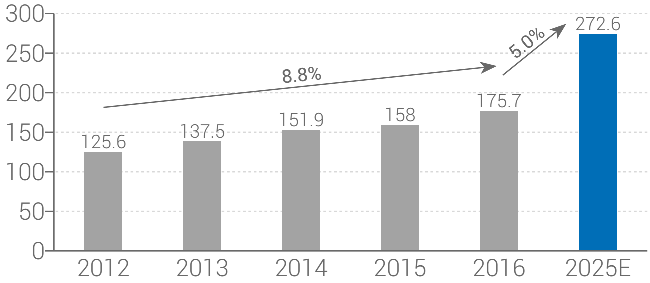
Oncology

GLOBAL OUTLOOK:

While cancer continues to be one of the leading causes of morbidity and mortality worldwide, the therapeutic innovation based on improved understanding of disease biology and translational research have also considerably changed the treatment paradigm for many cancers. Approximately 14 million people a year are diagnosed with cancer; and according to WHO the number will increase to 19 million by 2025, 22 million by 2030 and 24 million by 2035. One in five men and one in six women will develop cancer before the age of 75.

Given to the huge market needs, oncology has become top one treatment area in the developed countries. Based on IMS data, global cancer care treatment market reached USD 175.5 billion in 2016 and are estimated to be ~USD270 billion in 2025, mainly driven by healthy pipelines and higher adoptions of better and more advanced therapies such as targeted therapies, gene therapy and immune-oncology (I/O).

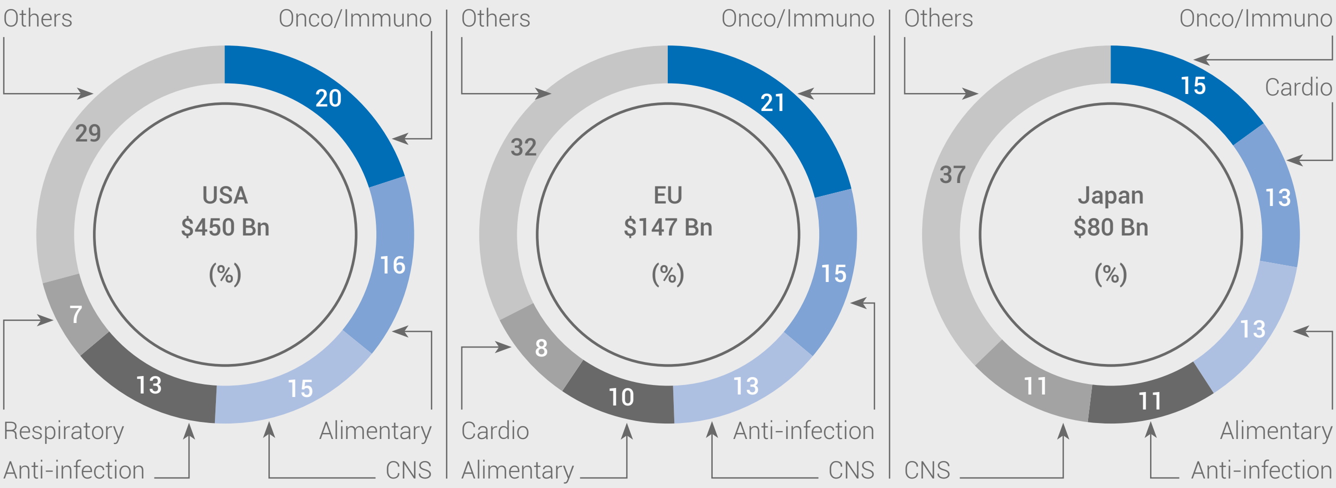
Global oncology market sales (Unit: USD B)



Source: IMS, Midas, Bernstein analysis

Oncology has become the top 1 treatment area in developed countries in 2016...

Value share among treatment areas



Source: IMS Midas (presented by Quintiles IMS Bernstein's 21 June Long View Future of
Note: Oncology and Immunology combined in the above charts

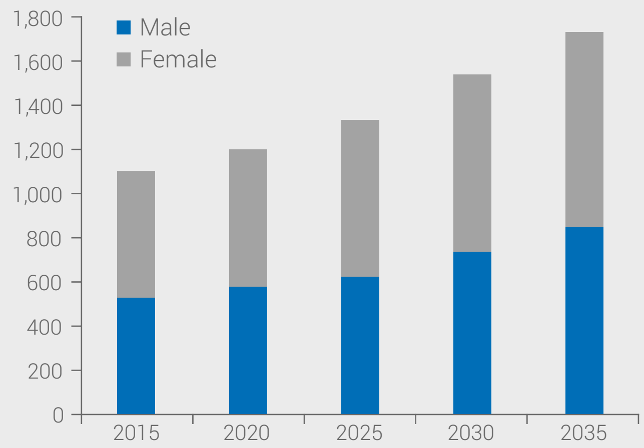
Asia-Pacific Healthcare

INDIA OUTLOOK:

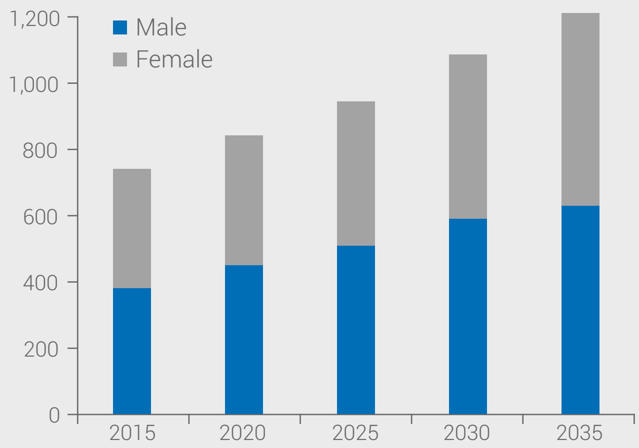
The Indian Council of Medical Research (ICMR) reported in their study that in 2016 the total number of new cancer cases was estimated to be around 14.5 lakh and the figure is likely to reach nearly 17.3 lakh new cases in 2020. The real incidence of cancer in India could be significantly higher than the reported figure, especially if comparisons are drawn with China which has approximately 10% more population but new cancer incidences are 4 times that of India as reported. Data from large randomised screening trials undertaken in India suggest that the real incidence of cancer could be at least 1.5 to 2 times higher than the reported incidence.

With incidence rising at a rapid pace, cancer is ranked as the sixth leading cause of death in India. A total of 1.1 million new cases of cancer are projected to have been diagnosed in India each year, of which breast and cervical rank among the top two cancers in terms of both incidence and mortality. The cancer mortality rate in India is high, at 68% of the annual incidence. This ratio indicates that fewer than 30% of Indian patients with cancer survive five years or longer after diagnosis.

Estimated number of new cancer incidences ('000)



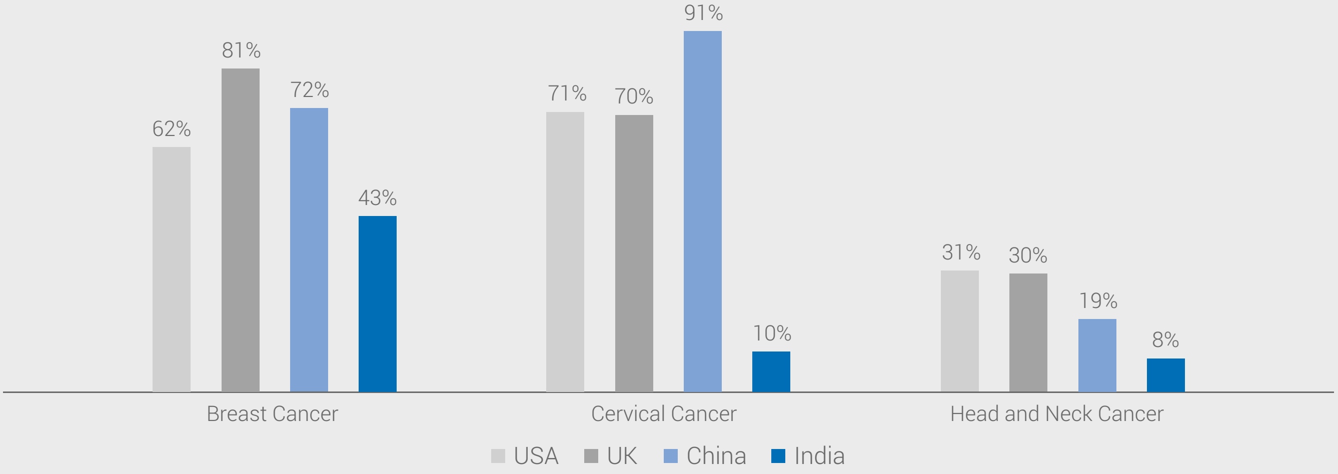
Estimated number of cancer deaths ('000)



The reported incidence of cancer in India is based on data collected from the cancer registries, which cover less than 10% of the population, resulting in a significant margin of error in estimation. The gap between reported and real cancer incidence can primarily be attributed to under-diagnosis of cancer in India. The under-diagnosis of cancer is represented in the relatively late stage of presentation of cancer cases in India relative to China, the United Kingdom and the United States. Data collected between 2009 and 2011 show that only 43% of breast cancer cases were diagnosed at early stages (i.e., stage I or stage II) of the disease in India while it is 62% in the United States, 81% in the United Kingdom and 72% in China. While this varies with the type of cancer, the rate of diagnosis in India is generally more delayed compared to other countries. (Source: Call for Action: Expanding cancer care in India dated July 2015, page number 3, published by Ernst & Young)

The following graph sets out the comparison of early stage (i.e., stage I or stage II) cancer diagnosis during the period from 2009 to 2011 in India, and in the United States, the United Kingdom and China during the period from 2009 to 2013, by different cancer types:

Cancer Diagnosis at Early Stages (Stage I or Stage II)



(Source: Call for Action: Expanding cancer care in India dated July 2015, page number 14, published by Ernst & Young)

Lack of awareness of cancer and the lack of participation in screening programs in India are significant contributory factors for the relatively late stage of the disease presentation and consequently low reported cancer incidences in India. Fewer than 1% of women in India aged between 40 and 69 years participated in recommended breast screening mammograms once in 24 months, as compared to 30% in China and 65% in the United States in 2014.

Key Drivers of Cancer Incidence

High incidence of cancer in India is attributed to factors such as, poor immune conditions, genetic pre-disposition and hormonal conditions, industrialization, over growth of population, ageing population, lifestyle and food habits. Demographic factors alone are expected to result in an increase in cancer incidences of 100,000 to 350,000 cases a year.

KEY GROWTH DRIVERS

- Increasing life expectancy
- Growing tobacco consumption
- Increasing healthcare awareness
- Improved access to diagnosis and treatment facilities
- Changing diet/ lifestyle habits

The annual expenditure in India for the diagnosis and treatment of cancer was estimated to be between US$1.7 and US$2.0 billion. Even at for-profit hospitals in India, the cost of cancer care, including treatment with the most advanced technologies (such as PET-CT and LINAC based radiation therapy) is one of the lowest in the world and represents only a fraction of the cost of treatment in the United States and Europe even after adjusting for purchasing power parity. The table below sets out the cost of cancer treatment in India and the United States by service offerings, during 2014 and 2012, respectively:

Cost of Cancer Treatment (Amounts in INR)

Type of treatment	India	United States	United States (purchasing power parity adjusted)
Chemotherapy	150,000 - 240,000	1.3 - 1.8 million	510,000 - 720,000
Surgery	60,000 - 100,000	1.5 - 1.8 million	600,000 - 720,000
Radiation Therapy	60,000 - 100,000	1.1 - 1.4 million	420,000 - 540,000

Even though the cost of cancer treatment in India is significantly lower than other countries, high quality cancer care is still inaccessible to a large proportion of the Indian population with patients having to travel outside their towns to avail of cancer treatment.

The profile of cancers in India is also changing, and is becoming more similar to that seen in more urbanised and higher income societies. For instance, in 2000, the most prevalent cancers in India were head and neck cancers in men (associated with all forms of tobacco use) and cervical cancer in women (associated with human papillomavirus infection and poor female sanitation). Breast cancer has currently surpassed cervical cancer as the most prevalent cancer in women. The incidence rates of gastrointestinal cancers, which have traditionally been low in India in comparison to developed nations and China, have also shown an increasing trend.

Fertility

An estimated 220 million women in India are of reproductive age (between 20 and 44 years of age) and about 27.5 million couples in this group are estimated to be suffering from infertility. The number of infertile couples in India is expected to increase from 27.5 million in 2015 to between 29 and 32 million by 2020.

The total fertility rate (defined as the average number of children that would be born to a woman if she experiences the current fertility pattern throughout her reproductive span (15 to 49 years)) in India has witnessed a rapid decline over the last few decades, from 3.9 in 1990 to 2.3 in 2013.

The prevalence of infertility in India has been rising owing to (i) demographic changes with an increase in the number of women of reproductive age; (ii) lifestyle changes; (iii) prevalence of several known clinical factors; and (iv) ethnicity. Awareness of infertility and fertility treatment options in India are among the lowest in the world.

The primary assisted reproduction treatment options for infertility include intrauterine insemination ("IUI") and in-vitro fertilization ("IVF"). The IVF market in India is significantly underpenetrated relative to the potential demand. India recorded 2,786 IVF cycles per million infertile women aged between 20 years and 44 years in 2015, compared to 46,042 IVF cycles in the United States in 2013, and 6,494 IVF cycles in China in 2014.

As of 2015, around 1% of the 27.5 million couples suffering from infertility in India presented for fertility assessment. It is estimated that the potential demand for IVF cycles in Bengaluru, Delhi and Mumbai is nine to twelve times higher than the current actual demand.

The following graph sets out a comparison of (i) the need for parenthood, (ii) the importance of social status associated with parenthood, and (iii) the relative awareness of infertility problems in India, the United States, the United Kingdom, China, Japan and Germany:

Factors Influencing Infertility Treatment

The number of IVF cycles performed in India has grown at a compound annual growth rate of 18.1% over the last 10 years. This growth in fertility treatment in India mirrors similar trends witnessed in most developed countries as infertility prevalence has increased.

The number of couples presenting for infertility treatment and evaluation in India is expected to increase from 270,000 in 2015 to around 650,000 to 700,000 annually in 2020. The number of IVF cycles performed in India is forecasted to increase from 100,000 in 2015 to an estimated 260,000 in 2020.

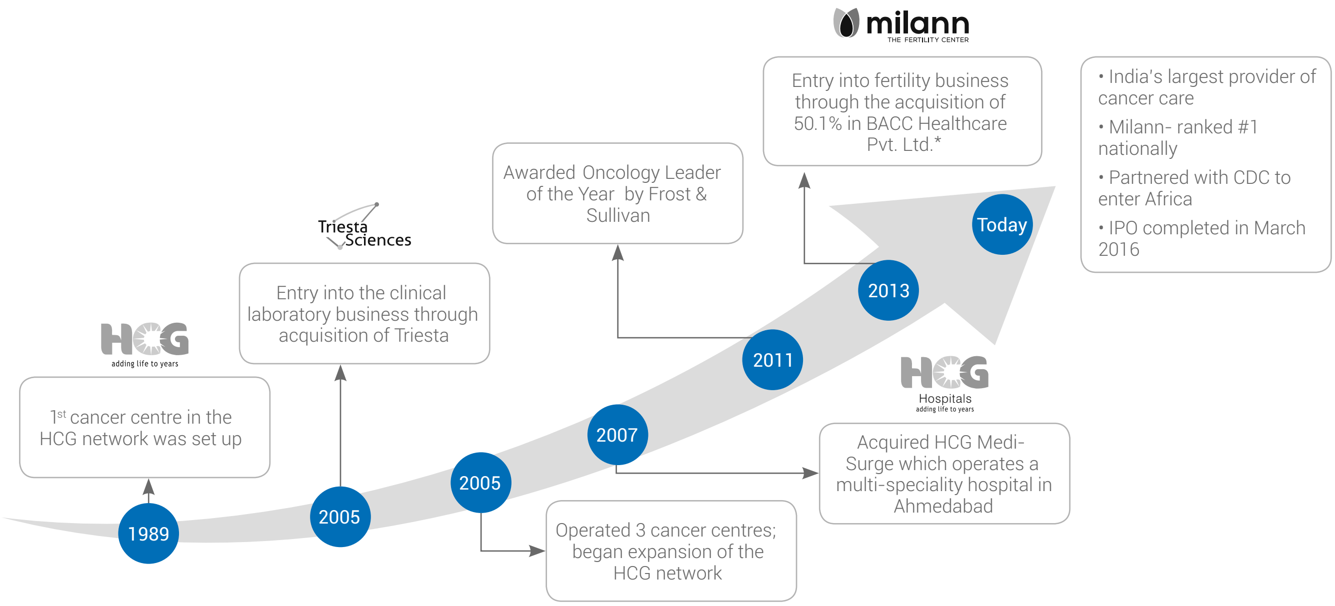
The fertility treatment market in India is highly fragmented and unregulated. An estimated 75% of the IVF cycles in India are done by about 500 clinics, comprising a few corporate chains and private clinics of leading physicians. There is no requirement to obtain any permission or have any specific qualifications to open infertility or assisted reproductive technology clinics in India. As a result, in the last 20 years, there has been an increase in the number of fertility clinics that use techniques requiring handling of spermatozoa or oocyte outside the body or the use of a surrogate mother.

(Source: Call for Action: Expanding IVF treatment India dated July 2015, published by Ernst & Young)

Company Overview

HCG is a leading provider of tertiary and quaternary healthcare services focused on cancer and fertility specialties. Under the "HCG" brand, we operate the largest cancer care network in India in terms of the total number of cancer treatment centres licensed by the AERB as of May 31, 2015 (Government of India, Atomic Energy Regulatory Board)

Evolution of HCG as a Provider of Speciality Healthcare and India's Largest Provider of Cancer Care



*We operate infertility treatment clinics providing comprehensive assisted reproductive services under brand 'Milann'

Our Business

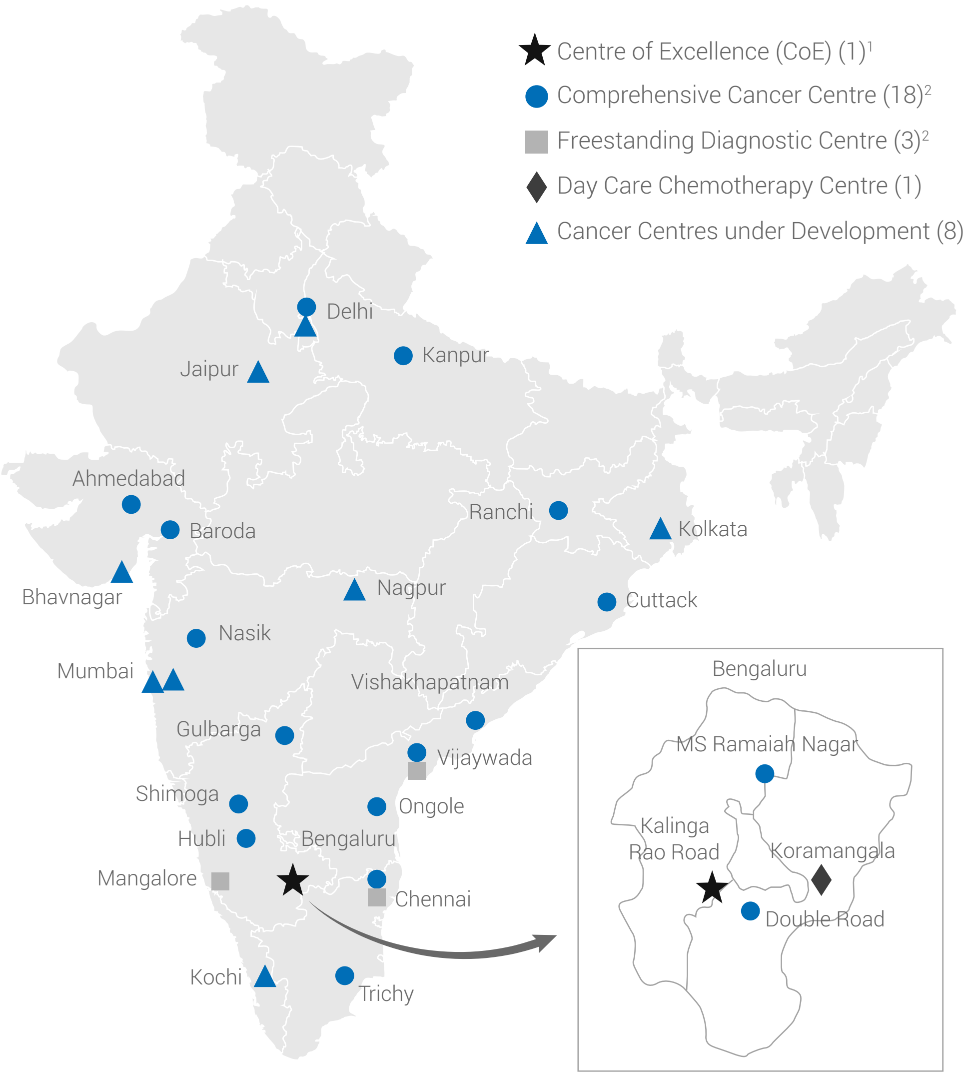
ONCOLOGY:

The Company is the largest provider of cancer care in India under the "HCG" brand. It owns and operates comprehensive cancer diagnosis and treatment services (through radiation therapy, medical oncology and surgery).

As of March 31, 2017, our HCG network consisted of 18 comprehensive cancer centres, including our centre of excellence in Bengaluru, 3 freestanding diagnostic centres and 1 day care chemotherapy center across India. Each of our comprehensive cancer centres offers, at a single location, comprehensive cancer diagnosis and treatment services (including radiation, medical oncology and surgical treatments). Our freestanding diagnostic centres and our day care chemotherapy centre offer diagnosis and medical oncology services, respectively.

HCG's Cancer Care Network in India

Network of Existing and Under Development Cancer Care Centers[1]



[1] Includes 2 centers, KR and DR

[2] As on 31st March, 2017 [including centers in Delhi and Trichy being restructured]

We follow a multidisciplinary approach to cancer care across our HCG network, wherein specialist physicians from various disciplines collaborate to provide the best course of treatment for each patient. This allows us to share and develop best practices, build clinical expertise and adopt standardised protocols for diagnosis and treatment, thereby improving the quality of our cancer care services. We believe that as a result, we are able to better serve our patients and ensure consistent clinical outcomes.

In our HCG network, our specialist physicians adopt a technology-focused approach to diagnosis and treatment. For instance, we use advanced technologies, including molecular pathology and molecular imaging for accurate diagnosis and staging of cancer, which enable us to decide upon the appropriate course of treatment for each patient. We also utilise targeted nuclear medicine therapies as well as advanced radiation treatments to minimise side effects and improve the outcome of treatments. By ensuring that we adopt these diagnostic and treatment technologies throughout our HCG network, we are able to provide consistent quality of care to all patients.

Given the large number of patient cases treated across our HCG network, we believe that we are able to efficiently utilise our equipment, technologies and human resources, thereby deriving economies of scale. Furthermore, through the adoption of a centralised drug and consumables formulary, we are able to lower the overall cost of drugs and consumables. We believe that our business model is scalable and when combined with efficient utilisation of resources, it enables us to operate within a competitive cost structure.

We believe that our current model of providing speciality healthcare in India can be replicated in other underserved healthcare markets. We intend to establish a network of speciality cancer centres in Africa, similar to our cancer care network in India. We believe that our planned network will cater to the increasing unmet demand for cancer care in Africa due to which, a large number of cancer patients travel outside the region to avail quality cancer care, including to our comprehensive cancer centres in India. We have entered into a definitive agreement with CDC, pursuant to which CDC will invest in our Subsidiary, HCG Africa, which has been formed to establish a network of comprehensive cancer centres in Africa.

Fertility:

milann THE FERTILITY CENTER

Milann is the leading provider of fertility treatment under the brand "Milann". It owns and operates comprehensive reproductive medicine services including assisted reproduction, gynaecological endoscopy and fertility preservation. Milann is the first to receive ICMR approval for Uterus Transplant and has been Ranked No 1 in India and first in the South India region in the fertility segment in the Times Health All India Critical Care Hospital Ranking Survey 2017. (Source: All India Critical Care Hospital Ranking Survey 2017, published on Times Health, Times of India on December 16, 2016)

HCG acquired 50.10% equity interest in BACC Healthcare Pvt Ltd in 2013 which operates fertility centres under the Milann brand, through itself and its wholly-owned subsidiary, DKR Healthcare Pvt Ltd. Pursuant to this acquisition, we operate seven Milann fertility centres across Bengaluru, Delhi, Chandigarh and Mumbai as on March 31, 2017.

BACC Healthcare Pvt Ltd. is led by a team of qualified and experienced fertility specialists. Its founder, Dr. Kamini Rao has a successful track record of over 25 years of providing fertility treatments. Our Milann fertility centres provide comprehensive reproductive medicine services, including assisted reproduction, gynaecological endoscopy and fertility preservation; and follow a multidisciplinary and technology-focused approach to diagnosis and treatment. Our Milann network also operates on a model similar to our HCG network, wherein the various Milann fertility centres aim to provide medical services following established protocols with a focus on quality medical care across diagnosis and treatment. During Fiscal Years 2017 and 2016, our Milann fertility centres registered 4,273 and 3,753 new patients and performed 1,823 and 1,311 IVF procedures, respectively. Our Milann fertility centres also offer training programmes for fertility specialists and embryologists.

Reference Lab:

Triesta Sciences

Triesta Sciences, is the one point, state-of-the-art solution for cancer diagnostics, Genomics (Next Generation sequencing based diagnostics) biomarker and translational research, laboratory services and clinical research services. Based out of Bangalore, Triesta Sciences is an integration of Laboratory services, Research and Development and Clinical Research with a focus on innovation, quality and accuracy for better diagnosis and prognosis of Cancer.

Under our Triesta brand, we provide hospital laboratory management services by way of establishing and operating laboratory within the hospital premises. We also provide clinical reference laboratory services in India with specialization in oncology, and our offerings include molecular diagnostic services and genomic testing. Our Triesta central reference laboratory is located in our centre of excellence in Bengaluru. Our Triesta central reference laboratory is accredited by NABL in India, as well as by CAP for quality assurance of laboratory tests performed. Additionally, Triesta offers research and development services to pharmaceutical and biotechnology companies in the areas of clinical trial management and biomarker discovery and validation. Triesta is led by a team of specialist oncopathologists, molecular biologists and clinical researchers. We believe that Triesta is well- positioned to leverage the opportunities in hospital lab management services, clinical reference laboratory services and research services through the wide variety of patient cases across our HCG network on account of its strong capabilities and business strengths.

Multispeciality:

HCG operates two multi-speciality hospitals in Ahmedabad and Bhavnagar, both in the state of Gujarat. We acquired 100% equity interest in HCG Medi-Surge (formerly known as Medi-Surge Associates Private Limited) at Ahmedabad in July 2007, which equity interest was subsequently reduced to 74%.

HCG Multispecialty in Ahmedabad and Bhavnagar are tertiary care hospitals with 118 and 39 available operational beds, respectively, as of March 31, 2017. It provides comprehensive inpatient and outpatient treatments. Its key specialties include cardiology, neurology, orthopaedics, gastroenterology, urology, internal medicine and pulmonary and critical care.

Hospital Network

EXISTING HCG CANCER CENTRES IN INDIA

As of March 31, 2017, we operate a network of 18 comprehensive cancer centres, three freestanding diagnostic centres and a day care chemotherapy centre across eight states in India. All of these centres are majority owned by us. The following table sets out our existing comprehensive cancer centres as on the date of this report and their facilities and service offerings:

Location of the comprehensive cancer center	Commencement of Operation (calendar year)	Facilities and Services				
		Number of Beds[3]	Number of RT-LINACs	Number of Operation theatres[8]	Number of PET- CT scanners	Laboratory
Karnataka Cluster						
Bengaluru - Double Road	1989	51	1	4	-	Yes[11]
Shimoga1	2003	60	1	3	-	Yes[12]
Bengaluru - Kalinga Rao Road[2]	2006	225	3[7]	7	2	Yes
Bengaluru - MS Ramaiah Nagar	2007	22	1	1	1	Yes[12]
Hubli	2008	70	1	2	1	Yes[12]
Gulbarga	2016	85	1	3	-	Yes
Gujarat Cluster						
Ahmedabad1	2012	78	2	4	-	Yes
Baroda	2016	60	1	3	1	Yes
East India Cluster						
Ranchi	2008	56	1	2	-	Yes
Cuttack	2008	116	2	2	1	Yes
Others						
Nasik	2007	77[4]	1	3[9]	1	Yes[12]
Delhi	2007	-	-	-	-	-
Vijaywada	2009	30[5]	2	1	-	Yes
Chennai	2012	35	1	-[9]	-	Yes[12]
Ongole	2012	19[6]	1	2	-	Yes
Tiruchirappalli	2014	-	-	-	-	-
Vishakapatnam	2016	88	1	-[9]	1	Yes[12]
Kanpur	2017	90	1	3	1	Yes[12]

Notes:
1. Operated through our Subsidiary.
2. Our comprehensive cancer centre located at Kalinga Rao Road in Bengaluru is our centre of excellence.
3. Number of beds includes ICU beds (as applicable).
4. We utilise the beds, including the ICU beds of our partner.
5. In addition, we have 120 self care beds at our centre in Vijaywada.
6. In addition, we have 61 self care beds at our centre at Ongole
7. Includes a WBRRS system.
8. Includes major and minor operation theatres. Major operation theatres are used to perform complex surgeries and minor operation theatres are used to perform minor surgical procedures.
9. Surgical services are provided by our partner.
10. PET-CT procedures are performed at the SMH DCA Imaging Centre, which is part of our comprehensive cancer centre in Delhi.
11. Laboratory services are provided by our Triesta central reference laboratory.
12. Laboratory services are provided by our partner.

As of March 31, 2017 we also had three freestanding diagnostic centres, of which one is located in Chennai and one each in Mangalore and Vijaywada, respectively. Our freestanding diagnostic centres are equipped with PET-CT scanners and provide radiology and diagnostic services. We established some of these centres under partnership arrangements.

Going forward, the HCG Centres in Delhi and Tiruchi have been restructured where HCG would not be operating the centres as part of HCG Network. HCG will however continue to provide services across treatment planning and allow usage of its installed equipment's at the hospital and receive fee incomes for the same.

As of March 31, 2017, we also had a day care chemotherapy centre in Bengaluru. Our day care chemotherapy centre provides medical oncology services and carries out minor surgical procedures.

HCG CANCER CENTRES UNDER DEVELOPMENT IN INDIA

New Centres

As on the date of this report, we were in the process of establishing 8 new comprehensive cancer centres in India, all of which are under various stages of development. We expect these centres to commence operation by end of FY 2018. All of these centres are majority-owned by us.

The table below sets out details of our comprehensive cancer centres under development in India as on the date of this report and their facilities and service offerings:

Location of the comprehensive cancer centre	Facilities and Services				
	Number of Beds[4]	Number of RT-LINACs	Number of Operation Theatres[4]	Number of PET-CT Scanners	Laboratory
Nagpur[1]	115	1	4	1	Yes
Mumbai - Borivali[1]	105	1	6	1	Yes
Kochi	100	1	4	1	Yes
Gurgaon	85	1	3	1	Yes[7]
Jaipur	93	1	3	1	Yes
Kolkata[1]	80	1	3	-[6]	Yes[7]
Mumbai – Cooperage	32	1	2	1	Yes
Bhavnagar[3]	90	1	3	-	Yes
Nashik Phase II	92	1	5	-	Yes

Notes:
1. Set up through limited liability partnership with our partner(s).
2. Set up by through our Subsidiary.
3. Our existing multi-speciality hospital at Bhavnagar will be upgraded into a comprehensive cancer centre through the addition of radiation and medical oncology capabilities.
4. Including major and minor operation theatres. Major operation theatres are used to perform complex surgeries and minor operation theatres are used to perform minor surgical procedures.
5. Surgical services will be provided by our partner.
6. PET-CT procedures will be performed by our partner.
7. Laboratory services will be provided by our partner.

EXPANSION OF EXISTING CENTRES

As of March 31, 2017, we also completed expansion of one of our existing HCG comprehensive cancer centre at Ahmedabad to cater to the increasing demand for cancer care at the centre, where we have added new equipment, including a linear accelerator, a PET-CT scanner, an MRI scanner and a gamma camera.

MILANN CENTRES

The following table sets out our existing Milann fertility centres as of March 31, 2017 and their facilities and service offerings:

Location	Year	Number of Beds	IVF	Endoscopy Operation Theatre	Embryology Laboratory	Neonatal ICU
Shivananda Circle, Bengaluru	1989	38	√	√	√	√
Jayanagar, Bengaluru	2010	26	√	√	√	√
Indiranagar, Bengaluru	2012	6	√	√	√	-
MSR Nagar, Bengaluru	2015	6	√	√	√	-
Delhi	2016	4	√	√	√	-
Chandigarh	2016	3	√	√	√	-
Mumbai	2017	6	√	-	√	-

Operational Highlights

KARNATAKA CLUSTER

During the year under review, the Karnataka cluster had 6 operational centres and operated 522 beds. There was strong adoption of daVinci technology at our centre of excellence in Bangalore, with over 175 robotic surgeries completed. Our Centre in Gulbarga launched in Q4 FY 16, saw a good response and achieved break-even in record time with positive EBITDA for FY 17. With adoption of new technologies, reduction in government patients and development of centres outside of Bangalore, the centre of excellence is focused on high-end treatments and hence reduced 41 beds towards optimization in Q1 FY 17. The number of beds operated in the Karnataka cluster at end of FY 17 were 522 as compared to 563 beds in FY 16.

Revenues increased from INR 2,624 million to INR 2,899 million in FY 17. EBITDA margins improved from 23.2% to 24.8%, ARPOB's increased by 15.7% to INR 32,894/day on the back of change in payer mix in the current year. With continuing expansion on pan-India basis as well as improving performance in other geographies, share of Karnataka region as a percentage of total revenues for HCG Centres (excluding Fertility) continues to reduce and was at 45% in FY 17 as compared to 49% in FY 16.

GUJARAT CLUSTER

The number of centres in Gujarat cluster increased to 4 with the addition of the Baroda facility which started in Q1 FY 17. The number of beds increased to 304 from 299 in the previous fiscal. The Ahmedabad cancer centre completed the expansion with addition of new equipment, including a linear accelerator, a PET-CT scanner, an MRI scanner and a gamma camera. The Bhavnagar centre which started in May 2015 has achieved break-even and is ramping up well and will be adding cancer infrastructure shortly. Baroda centre, launched in May'2016 has grown well and is nearing break-even levels as per plan. While the revenues of the cluster have shown an increase of 35.3% to INR 1,855 million, the ARPOB's have also improved to about INR 32,132 /day. The EBITDA margins are at 18% excluding the losses from the new centres. We continue to strengthen our position in state of Gujarat with share of revenues of HCG Centres from this cluster increasing from 25% in FY 16 to 29% in FY 17 and remain positive about this region.

EAST INDIA CLUSTER

Currently we have Cuttack and Ranchi as the two mature centres in the East India cluster. These centres have seen good traction and we closed the year with revenues of INR 491 million in FY 17 as compared to INR 414 million in FY 16 which is an increase of 18.5% over the last fiscal. EBITDA margins at 26.1% showed an increase of almost 100 bps over last year's margin of 25.1%. The expansion at the Cuttack center with addition of new technologies was adopted well with ARPOBs improving by 10.1% to INR 12,233.

EMERGING CLUSTERS

Maharashtra: With around 125 million population as catchment and with estimated incidence of 170,000 new cancer cases and growing need for high quality cancer care, this region presents an attractive market opportunity. Also, from a payor profile perspective, the region has largest affluent population in the country as well as efficient Govt. administered healthcare schemes and ability to attract medical tourism. With positive experience from our long term presence in Nashik, we have consolidated the operations with our partner and planning to expand the operations with launch of Phase II with addition of over 92 beds in forthcoming fiscal. Also we are on track to launch our centres in Mumbai city located at Borivali and South Mumbai, as well as in Nagpur, in the forthcoming fiscal with addition of 260 beds across these centres. Going forward, we would have strength of over 400 operational beds across 4 centres in this region as compared to one centre in Nashik in the year under review.

North India: This region presents a catchment of over 400 million population across U.P., Delhi/NCR, Haryana, Rajasthan and Punjab with very affluent payer profile and an attractive destination for international patients. With our existing Delhi centre already reorganized, we have planned 3 new cancer centers across Kanpur, Gurgaon and Jaipur in prime locations in these cities. The centres will add a total of 240 beds through independent standalone facilities and offer comprehensive cancer services with state-of-the-art technologies. The flagship centre in Gurgaon / NCR has great location, the Kanpur centre is in partnership with leading hospital group of Uttar Pradesh and the Jaipur centre will offer the most advanced cancer technology in the said region. With the Kanpur centre already launched, and other centres in development, we would have strong presence in North India which is a large and attractive market opportunity for the Company.

MILANN CENTRES

The current fiscal was a good year for Milann with new registrations increasing 14% to 4,273. The number of IVF cycles increased by 39% to 1,823 compared to the 1,311 cycles in the last fiscal. Consequently, revenues increased to INR 590 million compared to 461 million in last year which was an increase of 28%.

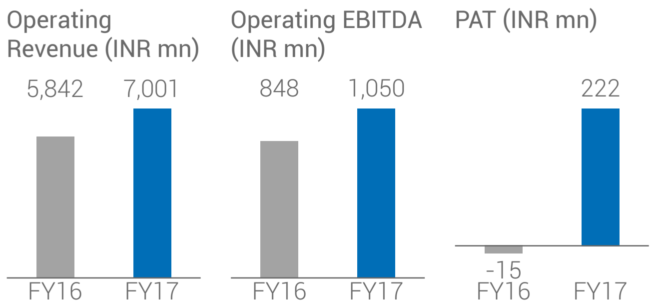
Financial Performance

The financial statements of HealthCare Global Enterprises Limited and its subsidiaries (collectively referred to as "HCG" or the Company) are prepared in compliance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013 and Indian Accounting Standards (Ind AS).

The discussions herein below relate to consolidated statement of profit and loss for the year ended March 31, 2017, consolidated balance sheet as at March 31, 2017 and the consolidated cash flow statement for the year ended March 31, 2017. The consolidated results are more relevant for understanding the performance of HCG.

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, HCG started following the Indian Accounting Standards (Ind AS) for preparation of its financial statements from April 1, 2016. The financial statements for the financial year ended March 31, 2016 have also been restated accordingly.

Significant accounting policies used for the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.



Particulars	Fiscal Year 2017		Fiscal Year 2016		Growth vis a vis FY 2016
REVENUE	(in millions)	% of revenue	(in millions)	% of revenue	%
Revenue from operations					
Income from medical services	4,781.8	67.4	3,972.7	67.5	20.4
Income from pharmacy	2,165.7	30.5	1,808.2	30.7	19.8
Other operating revenues	53.6	0.8	60.8	1.0	-11.8
Total Revenue from Operations	7,001.1		5,841.7		19.8
Other income	96.7	1.4	39.9	0.7	142.3
Total Revenue	7,097.8	100.0	5,881.7	100.0	20.7
EXPENSES					
Purchases of stock-in-trade	1,759.2	24.8	1,491.3	25.4	18.0
(Increase)/ decrease in stock-in-trade	(50.1)	(0.7)	8.9	0.2	-661.8
Employee benefits expense	1,219.3	17.2	1,005.3	17.1	21.3
Finance costs	230.0	3.2	383.3	6.5	-40.0
Depreciation and amortisation expense	568.3	8.0	440.8	7.5	28.9
Other expenses	3,022.8	42.6	2,488.6	42.3	21.5
Total Expenses	6,749.4	95.1	5,818.2	98.9	16.0
Profit/ (Loss) before tax and exceptional items	348.4	4.9	63.4	1.1	449.3
EXCEPTIONAL ITEMS	0.00	0.00	60.7	1.0	
Profit/ (Loss) before tax	348.4	4.9	2.7	0.0	NM
TAX EXPENSE					
Net tax expense	118.0	1.7	(19.7)	(0.3)	NM
Profit/ (Loss) after tax before share of profit/ (loss) of minority interest	230.4	3.2	22.4	0.4	929.2
Share of profit of minority interest	8.7	0.1	37.0	0.6	-76.5
Net Profit/ (Loss) for the period	221.7	3.1	(14.6)	(0.2)	NM

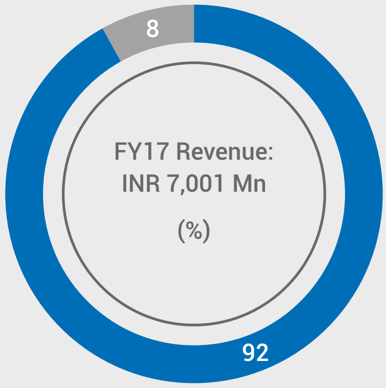
REVENUE

Our total revenue increased by INR 1,216.2 million (20.7%) as compared to Fiscal Year 2016 to INR 7,097.8 million in Fiscal Year 2017. This increase was primarily due to an increase in our revenue from operations.

Revenue from operations

Our revenue from operations increased by INR 1,159.4 million, or by 19.8%, from INR 5,841.7 million in Fiscal Year 2016 to INR 7,001.1 million in Fiscal Year 2017. This was primarily due to an increase in ARPOB, additional facilities in existing centres and commencement of new centres. During the Fiscal Year 2017, our Gujarat and Karnataka clusters contributed additional revenues of INR 300.1 million and INR 273.8 million respectively compared to Fiscal Year 2016 due to increase in occupancy and higher ARPOB. Our new centres, Baroda in Gujarat, Visakhapatnam in Andhra Pradesh and Kanpur in Uttar Pradesh contributed additional revenue of INR 309.8 million combined. Our fertility centres contributed additional revenue of INR 128.4 million, contributed by increase in patients in existing clinics and ramp-up in the new centres.

REVENUE BREAK-UP:



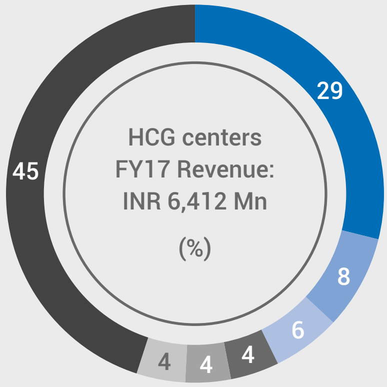
milann THE FERTILITY CENTER

■ HCG[1] centers ■ Fertility[2] centers

[1]Centers operated under the "HCG" brand18* comprehensive cancer centers, 2 multispeciality hospitals, 3 diagnostic centers and 1 day care chemotherapy center, as at March 31, 2017

[2]7 fertility centers operated under the "Milann" brand, as at March 31, 2017

*Includes cancer centers in Delhi and Tiruchi currently being restructured



■ Gujarat ■ East India ■ A.P.
■ Tamil Nadu ■ North India
■ Maharashtra ■ Karnataka

Other operating revenues

Our other operating revenues decreased by INR 7.2 million, or by 11.8%, from INR 60.8 million in Fiscal Year 2016 to INR 53.6 million in Fiscal Year 2017 primarily on account of lower utilisation of export incentive.

Other income

Our other income increased by INR 56.8 million, or by 142.3%, from INR 39.9 million in Fiscal Year 2016 to INR 96.7 million in Fiscal Year 2017. This was contributed by income from mutual funds amounting to INR 22.8 million in Fiscal Year 2017, increase in net gain on foreign currency transactions and translation by INR 16.6 million, from INR 4.5 million in Fiscal Year 2016 to INR 21.2 million in Fiscal Year 2017, and increase in interest income by INR 18.9 million, from INR 23.9 million in Fiscal Year 2016 to INR 42.7 million in Fiscal Year 2017.

EXPENSES

Our total expenses increased by INR 931.2 million, or by 16.0%, from INR 5,818.2 million in Fiscal Year 2016 to INR 6,749.4 million in Fiscal Year 2017. The increase in expenses is in line with the business growth and primarily contributed by increase in employee benefits expense and other expenses.

Cost of consumption

Cost of consumption comprises of our expenses related to purchases of stock-in-trade and changes in inventories of stock-in-trade. Cost of consumption related to usage of drugs, medical and non-medical consumable items increased by INR 208.9 million, or by 13.9%, from INR 1,500.2 million in Fiscal Year 2016 to INR 1,709.1 million in Fiscal Year 2017.

Cost of consumption as a percentage of our total revenue decreased from 25.5% in Fiscal Year 2016 to 24.1% in Fiscal Year 2017. This was primarily due to savings generated on account of centralisation of our procurement functions and our efforts in implementing a centralised formulary of drugs and consumables.

Employee benefits expense

Our employee benefits expense increased by INR 213.9 million, or by 21.3%, from INR 1,005.3 million in Fiscal Year 2016 to INR 1,219.3 million in Fiscal Year 2017. This was primarily due to commencement of operations of our comprehensive cancer centres at Baroda and Visakhapatnam, and augmentation of operations at comprehensive cancer care centre at Gulbarga and our Milann fertility Centre in Delhi.

Finance costs

Our finance costs decreased by INR 153.3 million, or by 40.0%, from INR 383.3 million in Fiscal Year 2016 to INR 230.0 million in Fiscal Year 2017 primarily on account of reduction of loans as a result of those being prepaid out of our IPO proceeds.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by INR 127.5 million, or by 28.9%, from INR 440.8 million in Fiscal Year 2016 to INR 568.3 million in Fiscal Year 2017. This was primarily due to increase in our fixed assets on account of purchase of new medical equipment.

As a percentage of revenue, this group of expense was at 8.0% in FY2017 as compared to 7.5% in FY2016.

Other expenses

Our other expenses increased by INR 534.2 million, or by 21.5%, from INR 2,488.6 million in Fiscal Year 2016 to INR 3,022.8 million in Fiscal Year 2017. This was primarily due to increases in our medical consultancy charges, rent including lease rentals, housekeeping and security expenses, and legal and professional charges.

Other expenses, as a percentage of revenue, have slightly increased from 42.3% in Fiscal Year 2016 to 42.6% in Fiscal Year 2017. The key expense line items include:

Description	Fiscal Year 2017	% of Total Revenue	Fiscal Year 2016	% of Total Revenue
	(in millions)	%	(in millions)	%
Medical Consultancy charges	1,559.3	22.0	1,297.3	22.1
Rent including lease rentals	334.4	4.7	224.3	3.8
Repairs and maintenance	231.3	3.3	204.0	3.5
Power, fuel and water	164.2	2.3	143.5	2.4
Housekeeping and security	160.1	2.3	125.3	2.1
Lab charges	135.0	1.9	110.7	1.9
Advertisement, Publicity and Marketing	105.1	1.5	95.6	1.6

Medical consultancy charges increased by INR 262.0 million, or by 20.2%, from INR 1,297.3 million in Fiscal Year 2016 to INR 1,559.3 million in Fiscal Year 2017 due to growth in number of patients treated.

Our rent expenses including lease rentals increased by INR 110.2 million, or by 49.1%, from INR 224.3 million in Fiscal Year 2016 to INR 334.4 million in Fiscal Year 2017. This was primarily due to increase in rent on account of addition of new units at Baroda in Gujarat and Visakhapatnam in Andhra Pradesh and new centres in Milann; augmentation of business in Bhavnagar and Gulbarga, and expansion of facilities in Cuttack and HCG Medi-Surge.

Our Housekeeping and Security expenses increased by INR 34.9 million, or by 27.8%, from INR 125.3 million in Fiscal Year 2016 to INR 160.1 million in Fiscal Year 2017. This was primarily due to addition of new units at Baroda, Visakhapatnam and Kanpur; augmentation of operations at Gulbarga and Bhavnagar and normal business growth at other units.

PROFIT/ (LOSS) BEFORE TAX

Our profit before tax and exceptional items was INR 348.4 million in Fiscal Year 2017 as compared to a profit before tax amounting to INR 2.7 million in Fiscal Year 2016.

TAX EXPENSE

We recorded net current tax of INR 115.2 million and deferred tax of INR 2.8 million in Fiscal Year 2017 as a result of which net tax liability for FY 17 was INR 118.0 million. We recorded net current tax of INR 37.8 million and deferred tax credit of INR 57.5 million in Fiscal Year 2016 as a result of which net tax credit for FY 16 was INR 19.7 million.

PROFIT/ (LOSS) AFTER TAX BEFORE SHARE OF PROFIT/ (LOSS) OF MINORITY INTEREST

Our profit after tax before share of profit/(loss) of minority interest was INR 230.4 million in Fiscal Year 2017 as compared to a profit after tax before share of profit/(loss) of minority interest amounting to INR 22.4 million in Fiscal Year 2016.

SHARE OF PROFIT/ (LOSS) OF MINORITY INTEREST

Minority's share of profit was INR 8.7 million in Fiscal Year 2017 as compared to a share of profit of INR 37.0 million in Fiscal Year 2016.

NET PROFIT/ (LOSS) FOR THE YEAR

As a result of the foregoing, our net profit for the year was INR 221.7 million in Fiscal Year 2017 as compared to a net loss amounting to INR 14.6 million in Fiscal Year 2016.

ASSETS

The following table sets out the principal components of our assets as at March 31, 2017 and 2016. (INR *in millions*)

Particulars	As at March 31,	
	2017	2016
	(in millions)	%
NON-CURRENT ASSETS		
Property, Plant and Equipment	6,170.1	5,193.9
Capital work-in-progress	1,482.3	1,208.6
Goodwill	608.9	608.9
Other intangible assets	68.1	26.9
Financial Assets		
- Investments	39.5	36.3
- Loans	29.3	22.2
- Other financial assets	478.6	309.5
Deferred tax assets (net)	167.1	164.3
Income tax assets (net)	261.3	302.2

Particulars	As at March 31,	
	2017	2016
	(in millions)	%
Other non-current assets	517.5	289.8
Total non-current assets	**9,822.6**	**8,162.5**
CURRENT ASSETS		
Inventories	187.7	133.5
Financial Assets		
- Investments	74.9	600.3
- Trade receivables	1,032.2	695.4
- Cash and cash equivalents	852.2	576.1
- Loans	20.2	18.9
- Other financial assets	138.5	150.8
Other current assets	136.0	98.6
Total current assets	**2,441.8**	**2,273.5**
Total assets	**12,264.4**	**10,436.0**

We had property, plant and equipment amounting to INR 6,170.1 million as at March 31, 2017 and INR 5,193.9 million as at March 31, 2016. Our property, plant and equipment assets primarily consist of medical equipment, buildings, land, leasehold improvements, furniture and fixtures and vehicles.

Increase in our property, plant and equipment assets is primarily on account of additions to medical equipments, lab and data processing equipments, leasehold improvements, furniture and fittings and office equipments in relation to commencement of operations of our comprehensive cancer centres at Baroda, Vishakhapatnam and Kanpur.

The increase in our capital work-in-progress from INR 1,219.4 million as of March 31, 2016 to INR 1,406.1 million as of March 31, 2017 was primarily on account of new projects which are under development that include comprehensive cancer care centres in Mumbai, Nagpur, Kolkata, Jaipur, and Kochi.

We had goodwill amounting to INR 608.9 million as of March 31, 2017 and 2016. Our goodwill comprises payments made to our partner for securing exclusive rights to operate a centre, and pertains to acquisitions of our Milann fertility centres and HCG Medi-Surge.

The increase in our other intangible assets from INR 26.9 million as of March 31, 2016 to INR 68.1 million as of March 31, 2017 was primarily on account of software licenses addition for ERP and Hospital Information Systems (HIS).

We had non-current investments of INR 39.5 million as of March 31, 2017 and INR 36.3 as of March 31, 2016. We had non-current loans amounting INR 29.3 million as of March 31, 2017 and INR 22.2 as of March 31, 2016.

We had other non-current financial assets of INR 478.6 million as of March 31, 2017 and INR 309.5 as of March 31, 2016. This primarily comprises of Security Deposits amounting to INR 312.4 million and Term Deposits amounting to INR 145.3 million as on March 31, 2017.

Our deferred tax assets increased to INR 167.1 million as of 31 March 2017 from INR 164.3 million as of 31 March 2016. Our income tax assets decreased to INR 261.3 million as of 31 March 2017 from INR 302.2 million as of 31 March 2016 which is primarily on account of tax refunds in our holding company and our subsidiaries.

We had other non-current assets amounting to INR 517.5 million and INR 289.8 million as at March 31, 2017 and 2016 respectively and the increase is on account of prepaid expenses by INR 122.2 million and our capital advances by INR 105.6 million, both primarily pertaining to projects under development.

We had current investments amounting to INR 74.9 million as of March 31, 2017 comprising of investments made in mutual funds as against INR 600.3 million as of March 31, 2016.

We had outstanding gross trade receivables amounting to INR 1,032.2 million and INR 695.4 million as at March 31, 2017 and 2016 respectively. We made provisions for doubtful trade receivables amounting to INR 385.9 million and INR 352.7 million as at the end of March 31, 2017 and 2016. Our trade receivables comprise receivables from government payors, corporate bodies, insurers and patients who pay directly to us.

We had other financial assets of INR 138.5 million as of March 31, 2017 as against INR 150.8 million as of March 31, 2016 and other current assets of INR 136.0 million as of March 31, 2017 as against INR 98.6 million as of March 31, 2016. Our other financial assets primarily comprise of unbilled receivables amounting to INR 112.9 million and Term Deposits amounting to INR 25.6 million, while other current assets consist of advance to vendors amounting to INR 66.8 million, prepaid expenses of INR 44.3 million, and rental advance of INR 24.9 million as on March 31, 2017.

Labilities And Indebtedness

LIABILITIES

The following table sets forth the principal components of our liabilities as at March 31, 2017 and 2016. (INR *in millions)*

Particulars	As at March 31,	
	2017	**2016**
	(in millions)	%
NON-CURRENT LIABILITIES		
Financial liabilities:		
- Borrowings	2,833.8	2,458.3
- Other financial liabilities	801.2	728.9
Provisions	30.5	29.0
Deferred tax liabilities	11.7	6.4
Total non-current liabilities	3,677.2	3,222.6
CURRENT LIABILITIES		
Financial liabilities:		
- Borrowings	416.3	371.8
- Trade payables	1,410.4	1,084.2
- Other financial liabilities	1,567.3	917.4
Other current liabilities	228.7	216.7
Provisions	49.4	38.1
Current tax liabilities	13.9	-
Total current liabilities	3,686.0	2,628.3
Total liabilities	**7,363.2**	**5,850.9**

A significant portion of our liabilities comprise of non-current borrowings. We had non-current borrowings amounting to INR 2,833.8 million and INR 2,458.3 million as at March 31, 2017 and 2016 respectively.

We had outstanding trade payables amounting to INR 1,410.4 million and INR 1,084.2 million as at March 31, 2017 and 2016 respectively. These primarily comprised payables towards purchase of drugs, consumables, various services including medical consultancy charges, legal and professional fees, housekeeping charges and security charges, and salaries and bonuses of employees.

We had other non-current financial liabilities amounting to INR 801.2 million and INR 728.9 million as at March 31, 2017 and 2016 respectively. These primarily comprised gross obligation under written put option.

We had other current financial liabilities amounting to INR 1,567.3 million and INR 917.4 million as at March 31, 2017 and 2016 respectively. These primarily comprised current maturities of long-term debts amounting to INR 951.9 million and INR 406.1 million, interest accrued on borrowings amounting to INR 106.8 million and INR 88.1 million; current liability on written put option of INR 380.9 million and INR 343.2 million; and payable on purchase of fixed assets amounting to INR 127.7 million and INR 80.0 million as at March 31, 2017 and 2016 respectively.

Our other current liabilities amounted to INR 228.7 million and INR 216.7 million as at March 31, 2017 and 2016 respectively. This was primarily comprised of advance from customers amounting to INR 163.9 million and INR 167.9 million, and Statutory remittances amounting to INR 64.8 million and INR 48.8 million as at March 31, 2017 and 2016 respectively.

INDEBTEDNESS

(INR *in millions)*

Particulars	As at March 31,	
	2017	**2016**
SECURED LOANS		
- Term loans from banks	1,409.2	791.7
- Term loans from other parties	34.5	60.0
- Vehicle Loans	1.6	0.4
- Working capital loans	416.3	371.8
Total secured loans	1,861.6	1,224.0

Particulars	As at March 31,	
	2017	2016
- Deferred payment obligations	1,834.5	1,487.8
- Long term maturities of Finance Lease obligations	490.6	509.0
- From other parties	15.4	15.4
Total unsecured loans	2,340.4	2,012.2
Total borrowings	4,202.1	3,236.2
Total borrowings represented by:		
Long-term borrowings	2,833.8	2,458.3
Short-term borrowings	416.3	371.8
Current maturities of long-term borrowings	951.9	406.1
Total	**4,202.1**	**3,236.2**

To fund our working capital and capital expenditure requirements, we have entered into various loans and facility agreements with various financial institutions. As at March 31, 2017, we had INR 4,202.1 million of indebtedness outstanding. All of our indebtedness outstanding as at March 31, 2017 was denominated in INR except for U.S.$ 27.8 million and Euro 0.2 million in outstanding loans from various equipment vendors. We have repaid a portion of our term loans from bank and working capital loans out of our IPO proceeds.

SUMMARY OF CASH FLOW STATEMENT:

Particulars	Fiscal Year 2017	Fiscal Year 2016
Net cash flow generated from/(used in) operating activities	912.8	732.0
Net cash flow generated from/(used in) investing activities	(2,098.0)	(2,035.7)
Net cash flow generated from/(used in) financing activities	891.5	2,155.9
Net cash flows generated for the year	(293.7)	852.2

Cash flow generated from/ (used in) operating activities

For the fiscal year ended March 31 2017, we had profit before tax of INR 348.4 million and our operating profit before working capital changes was INR 1,094.2 million. Our cash generated from operations after adjusting for changes in working capital was INR 973.5 million. This reflected cash inflow on account of an increase in trade and other payable by INR 334.9 million; and cash outflow on account of an increase in trade and other receivables by INR 370.0 million and an increase in inventories by INR 54.2 million. After adjusting for changes in working capital and a net income tax payment amounting to INR 60.7 million, our net cash flow generated from operating activities was INR 912.8 million for the fiscal year ended in March 31 2017.

Cash flow generated from/ (used in) investing activities

For the fiscal year ended March 31, 2017, our net cash flow used in investing activities was INR 2,098.0 million. This reflected payments for property, plant and equipment amounting to INR 1,926.6 million primarily relating to recently completed projects like Kanpur and projects under development which includes our upcoming comprehensive cancer care centres in Borivali, South Mumbai and Nagpur; and expansion at our HCG cancer centre in Ahmedabad.

Cash flow generated from/ (used in) financing activities

For the fiscal year ended March 31, 2017, our net cash flow generated from financing activities was INR 891.5 million. This primarily reflected proceeds from borrowings amounting to INR 1,341.9 million and proceeds which were partially offset by repayment of borrowings amounting to INR 420.6 million and interest paid amounting to INR 213.3 million.

RATIO ANALYSIS: SNAPSHOT OF 2016 AND 2017

Key Ratios	Fiscal year - 2017	Fiscal year - 2016
Ratios – Leverage		
Debt/Equity	0.86	0.71
EBITDA/Interest	4.99	2.32

Key Ratios	Fiscal year - 2017	Fiscal year - 2016
Ratios – Profitability		
Return on Equity	5.2 %	- 0.5 %
RoCE	9.9 %	9.0%
Ratios – Per Share		
EPS	2.69	-2.43
P/E*	85.7	-
Market Capitalisation/Total Revenue*	2.78	2.53

*Based on the closing share price as on March 31st on BSE.

Credit Rating

The long term credit rating of HCG has been upgraded in Q4 of FY17 from BBB(+) to A(-) by ICRA (associate of Moody's Investor Services). 'A' Rating for instruments signifies adequate degree of safety regarding timely servicing of financial obligations. We moved from category of having moderate degree of safety to adequate degree of safety. The outlook on the long term rating has been revised to Stable from Positive.

Internal Control System And Their Adequacy

At HCG, management has the overall responsibility to design, implement and monitor an effective process and control environment that is aligned to the inherent risk profile of the organization. Management is responsible for the identification, evaluation and management of significant risks. The Company has institutionalized a framework to focus on key risks that might impact achievement of business objectives. The framework entails a structured process to identify, assess and monitor the risks and initiate suitable mitigation strategies for effective risk management. The Board monitors exposure to these risks with the assistance of various committees and senior management.

The internal control framework is designed to manage and mitigate the risks faced by the Company. The company has designed and implemented an entity level control framework setting the control philosophy and principles which guide the organization policy and operating process framework.

The organizational role, responsibility and accountability structures with appropriate performance oversight processes are defined and aligned to provide an enabling environment to the business units and functions to operate as per the design control environment. Review and oversight procedures are designed to monitor effective adherence as per design.

The internal control system is commensurate with the nature of business, size and complexity of operations and has been designed to provide reasonable assurance on the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

As a part of overall governance mechanism around financial reporting and as stipulated under the Companies Act, 2013, Internal Controls over Financial Reporting (ICoFR) framework have been institutionalized. The adequacy and operating effectiveness of the internal controls affecting financial reporting is assessed by the management.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and supports a continuous improvement program. The internal audit program is managed by an Internal Audit function with direct reporting to the Audit and Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Audit and Risk Management Committee of the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology.

The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively.

Management provides action plans to address the observations noted from the internal audit reviews and action plans are monitored towards resolution under the supervision and guidance of the Audit and Risk Management Committee.

The Audit and Risk Management Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of internal audit observations.

Enterprise Risk Management

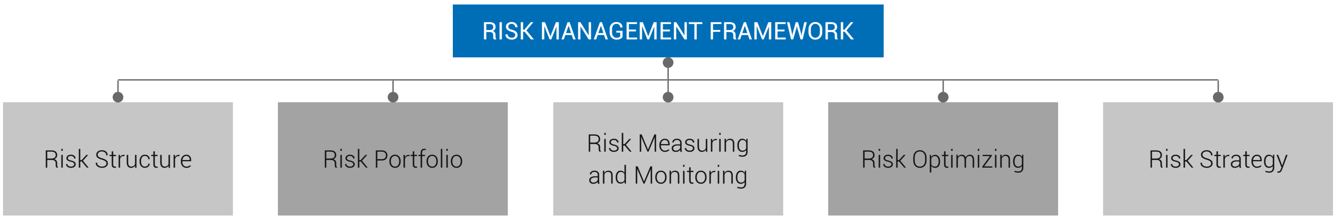
HCG operates in a business environment that is characterized by increasing competition and market uncertainties. It is exposed to a number of risks in ordinary course of business. This is inevitable, as there can be no entrepreneurial activity without the acceptance of risks and associated profit opportunities.

Accordingly, risk management activities at HCG are not aimed at eliminating all risks in their entirety, but rather at helping to identify and assess the risks the company encounters in its daily business. This allows the company to manage the risks in an efficient manner to take informed decisions, to exploit the opportunities available and thereby enhance the value of the company and its stake holders.

Risk Management Framework:
The Risk Management framework has been developed and approved by senior management in accordance with the business strategy.

The key elements of the framework include Risk Strategy, Risk Structure, Risk Portfolio, Risk Measuring & Monitoring and Risk Optimizing. The implementation of the framework is supported through criteria for risk assessment and categorization, risk escalation matrix, Risk forms & MIS.

The overall objective of risk management process is to optimize the risk-reward relationship.



Risk Categorization:
Risk Categorization into different buckets help to prioritize risks, within an entity. It assists management in ensuring that they have captured all categories of organizational risks, not just traditional, financial hazards.

HCG identifies and categorizes risks into

- Financial Risk
- Reputation Risk
- Regulatory/Legal Risk
- Employee Risk
- Patient/Customer Risk

The Board of Directors considers a number of factors for risk categorization during risk identification and assessment.

Risk Measuring and Monitoring:
A risk review involves the re-examination of all risks recorded on the risk assessment repository to ensure that the current assessments remain valid and review the progress of risk reduction actions.

Risk Communication and Escalation need to be embedded in the culture of an organization to make it effective. At HCG, the Board of Directors drive the Risk Management Process through its Audit and Risk Management Committee by adopting the following communication and escalation procedure:

- Employees continuously identify needs to update / modify the risks and escalate them to their respective Unit / Functional Head.

- The respective Unit/ Functional Head or designated personnel collate the identified risks/ modifications and forward the same to the respective Risk Coordinator for collation and escalation to Risk Management Committee. Standard forms for identification/ modification/ deletion of risks are used for this purpose.

- The Risk Coordinator collates the risks and forwards the same to the Risk Management and Steering Committee (RMSC) on a periodic basis.

- The Risk Management and Steering Committee is responsible for reviewing and validating the risks/ modifications for all departments.

- The RMSC categorizes and rates the risks (using the risk appetite).

- Risk Owners for each risk are identified and approved by RMSC. Risk Owners may be at any level in the organization depending on the nature and categorization (e.g. strategic, operational, compliance or reporting) of the risk.

- Designated Risk Coordinator updates the Risk Assessment Repository on the basis of the approvals obtained from the RMSC.

- RMSC provides half yearly updates to the Chairman & Board of Directors for key risks, their assessment and status of action plans for mitigating these risks.

The escalation of key risk information will assist in ensuring that significant risks identified at the line level are available for consideration in the context of the overall operations of the business.

Risk Management Organization
A robust organizational structure for managing and reporting risks is a prerequisite for an effective risk management process. The organization structure needs to be supported by clearly defined non- overlapping roles and responsibilities which are communicated and understood.

In order to ensure that this policy is followed in letter and spirit, a Risk Management and Steering Committee (RMSC) is constituted comprising of Key personnel nominated from the following departments:

Operations • Finance • Compliance • Legal • Procurement & Pharmacy • IT • HR

Quality Control and Audit

Monitoring the quality of our patient care is one of our prominent focus. We take action to identify and eliminate the recurrence of any unexpected or adverse incidents. As part of that, we embrace patient feedback, self-examination and peer review.

We review and publish our inpatient services performance against a number of important measures including hygiene, infection rate and patient satisfaction. We use these benchmarks to help us deliver high quality patient care in a safe environment and look at ways to continually improve our patient experience.

We are subject to various internal and external audits, incident reporting and feedback monitoring processes. Internal audits are carried out by members of our staff at each cancer centre on a half-yearly basis. Our internal audits are based on standard requirements set out by NABH and may impose corrective and preventive actions, as necessary, for any non-compliance with such requirements. Similar audits are undertaken with respect to our Triesta central reference laboratory for compliance with NABL and CAP standards. Internal quality control in our Triesta central reference laboratory is carried out on a daily basis and is an automatic process carried out by our machinery.

External audits are carried out by NABH at our centre of excellence in Bengaluru and at HMS. External audits by NABL and CAP are carried out at our Triesta central reference laboratory. External audits by NABH, NABL and CAP are based on the standards set out by these bodies and are voluntary. The external accrediting bodies also set out certain quality standards, which are monitored by our internal quality departments and a monthly report of quality indicators is presented to our corporate quality team, which oversees the quality functions of our Company. Further, our internal quality team documents the policies and procedures mandated by the accrediting bodies. The accrediting bodies verify these policies and procedures. Our corporate quality team also develops specific quality indicators to monitor clinical outcomes based on documented clinical procedures.

From time to time, AERB also conducts audits at our cancer centres relating to quality assurance of radiation equipment, radiation safety measures taken by our cancer centres, any changes in the representations made by our cancer centres while obtaining the AERB approval and the adequacy of the skills and number of manpower and resources at each cancer centre.

The quality department of each cancer centre reviews all feedback received from patients daily and takes measures to appropriately address such feedback. Incident reports are collected and analysed by the quality departments weekly and appropriate remedial measures are undertaken.

Employee surveys are carried out twice a year by the human resource departments of each cancer centre and the results of such surveys are shared with the quality departments and the management team of each cancer centre for remedial measures.

Each cancer centre also has other committees which are responsible for quality control, such as hospital infection control committees, pharmacy and therapeutics committees, employee grievances committees and ethics committees.

We also have a quality management system structured as per the ISO9001:2008 guidelines for quality management systems across our Milann fertility centres. The key quality assurance practices at our Milann fertility centres include standardised treatment and management protocols, service delivery by experts in reproductive medicine, globally accepted medical equipment, regular calibration and maintenance of key equipment, quality control processes such as standardised processes for tests and audits.

Our Milann fertility centres undertake weekly clinical audits aimed at enhancing clinical outcomes, patient safety and care. The clinical audit process reviews and evaluates medical management in line with clinical and scientific best practice standards, clinical success rates, possible causes and courses of action for unsuccessful outcomes, quality metrics for clinical, embryology and laboratory outcomes and policies and action plans for continuous quality improvement.

Human Resources Management – Employee Relations and Development

The Human Resources (HR) department at HCG is driven by the mission to help HCGians realize their potential – to develop, grow and achieve their purpose, build the right culture and capabilities to enable us to serve our patients and to make HCG the best place to work for passionate, innovative people who want to make a difference.

We believe that we are able to attract and retain highly skilled specialist physicians due to our reputation for clinical excellence, our technology-focused approach, the exposure and experience we provide in relation to clinical best practices and the training programmes we offer for their ongoing development. We believe that the abilities and expertise of our team of specialist physicians differentiate us relative to our competitors. Several of our specialist physicians have received accolades and awards in recognition of their contribution to their respective fields of medicine.

Our senior management team has extensive experience in the management of healthcare businesses. We believe the experience, depth and diversity of our management team, complemented by the clinical expertise and relationship base of our physician Promoters, is a distinct competitive advantage in the complex and rapidly evolving healthcare industry in which we operate.

In order to maintain the quality of care we offer to our patients, our physicians and other medical staff must pursue a rigorous programme of continuing education. We offer a wide range of health education sessions and seminars on-site at our centres and hospitals to our physicians and medical staff, as well as to healthcare professionals outside our network of centres and hospitals. The sessions are led by expert physicians and other healthcare professionals from our network of centres and hospitals, who have first-hand knowledge of the latest clinical developments and research. We believe that these sessions provide an important forum to discuss recent developments to improve patient care and teach our physicians and medical staff new skills. In addition, we believe that they also provide an important opportunity for us to showcase the capabilities of our centres, hospitals and physicians and allow our physicians to grow their referral networks.

We also offer physicians the opportunity to consult with each other on challenging cases and treatments. For example, at our weekly tumour board discussions, we discuss selected complex cases from across our HCG network. This allows knowledge sharing and enables us to develop best practices and protocols which are implemented across our HCG network. We also evaluate the clinical activities of each centre and hospital as part of our annual evaluations to ensure that high quality treatments or services are provided to patients.

Furthermore, we have a dedicated learning and development department, which continuously monitors the learning and development activities and ensures that a high quality of service is provided to our patients, thereby improving patient satisfaction. Our learning and development department provides continuing education for quality improvement to our employees. It identifies areas in which training is required, and develops an employee development plan for each employee, pursuant to which employees are provided various skill enhancement trainings.

At our centre of excellence in Bengaluru, we offer a Diploma of National Board medical residency programme for radiation oncology, medical oncology and pathology, in affiliation with the National Board of Examination.

In addition, we offer various certificate medical and nursing courses on oncology, a paramedical course on advanced radiotherapy technology, a laboratory research course and various other medical and non-medical courses for our employees.

Our Milann fertility centres also offer a post-graduate fellowship programme in reproductive medicine services to fertility specialists, in affiliation with the National Board of Examination. Additionally, our Milann fertility centres offer training programmes in IVF for fertility specialists and embryologists. We believe that these education and training programmes are critical capabilities that we have and these enable us to develop an in house trained team of specialist physicians.

Forward Looking Statement

Except for the historical information contained herein, statements in this discussion contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry.

The Company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company's financial Statements included herein and the notes thereto.

Standalone financial statements

&

Consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

To The Members of HealthCare Global Enterprises Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HealthCare Global Enterprises Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 standalone 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 standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable 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 Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company.

2 As required by the Companies (Auditor's Report) Order, 2016 ("the order" or "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

BENGALURU
May 24, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HealthCare Global Enterprises Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

BENGALURU
May 24, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of verification of fixed assets to cover all items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management. According to the information and explanation given to us, no material discrepancies were noted on such verification.

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and based on the confirmations received from the lenders with whom the title deeds have been pledged as security for loans, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except in the case of following:

Particulars of the land and building	Gross Block (as at 31-Mar-17) Rs. in Million	Net Block (as at 31-Mar-17) Rs. in Million	Remarks
Freehold Land ad measuring 22,320 sq feet and buildings thereon	150.72	127.31	The title deeds are in the name of Healthcare Global Vijay Oncology Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of judicature.
Freehold Land ad measuring 19,518 sq feet and buildings thereon	156.53	130.09	The title deeds are in the name of HCG Medi-surge Hospitals Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Courts of judicature.
Freehold land ad measuring 45,083 sq feet and buildings thereon	270.60	239.32	The title deeds are in the name of Banashankari Medical and Oncology Research Centre Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of judicature.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Rs. in Million
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	High Court of Judicature at Hyderabad, for the state of Telangana and the state of Andhra Pradesh	January 2011 to June 2014	2.08
The Central Excise Act, 1944	Excise duty	Commissioner of Central Excise	November 2009 to March 2014	15.13
Central Sales Tax Act, 1956	Central Sales Tax	Deputy Commissioner of Commercial Taxes (Appeals)	FY 2010-11	0.45

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and did not have any borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) We draw attention to Note 41 of the standalone financial statements regarding managerial remuneration provided by the Company in excess of the limits specified in section 197 read with Schedule V to the Companies Act. 2013 for which the Company is in the process of seeking approval from the Central Government. Read with the above, in our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

BENGALURU
May 24, 2017

Standalone Balance Sheet

₹ in Million

STANDALONE BALANCE SHEET AS AT	Note No.	31-Mar-17	31-Mar-16	01-Apr-15
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	5	4,116.71	4,285.60	3,786.63
(b) Capital work-in-progress	5	334.15	285.73	279.70
(c) Goodwill	2.13.4	-	-	125.57
(d) Other Intangible assets	6	54.24	25.14	32.08
(e) Financial Assets				
(i) Investments	7	1,339.79	946.67	837.56
(ii) Loans	8	113.78	75.08	76.64
(iii) Other financial assets	9	241.07	172.39	176.45
(f) Deferred tax assets (Net)	28.3	100.12	140.09	101.51
(g) Current Tax assets (Net)	28.4	253.31	258.71	183.04
(h) Other non-current assets	10	186.79	134.73	134.69
Total Non - Current Assets		**6,739.96**	**6,324.14**	**5,733.87**
Current assets				
(a) Inventories	11	143.07	110.84	129.82
(b) Financial assets				
(i) Investments	7	74.91	600.24	-
(ii) Trade receivables	12	1,002.39	691.63	558.35
(iii) Cash and cash equivalents	13	739.41	504.61	106.16
(iv) Loans	8	18.41	17.01	6.94
(v) Other financial assets	9	198.90	161.42	114.02
(c) Other current assets	10	92.11	85.74	63.73
Total current assets		**2,269.20**	**2,171.49**	**979.02**
Total assets		**9,009.16**	**8,495.63**	**6,712.89**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	14	857.13	850.76	699.84
(b) Other equity	15	4,663.67	4,348.94	1,991.25
Equity attributable to owners of the Company		**5,520.80**	**5,199.70**	**2,691.09**
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	987.96	1,227.85	2,328.62
(ii) Other financial liabilities	17	15.43	21.02	25.22
(b) Provisions	18	23.66	23.18	17.17
Total Non - Current Liabilities		**1,027.05**	**1,272.05**	**2,371.01**
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	412.65	368.83	292.71
(ii) Trade payables	19	1,133.91	972.85	747.51
(iii) Other financial liabilities	17	707.18	468.32	457.80
(b) Other current liabilities	20	162.22	178.44	121.74
(c) Provisions	18	45.35	35.44	31.03
Total Current Liabilities		**2,461.31**	**2,023.88**	**1,650.79**
Total Liabilities		**3,488.36**	**3,295.93**	**4,021.80**
Total Equity and Liabilities		**9,009.16**	**8,495.63**	**6,712.89**
See accompanying notes to the standalone financial statements				

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Standalone Statement of Profit & Loss

₹ in Million

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED		Note No.	31-Mar-17	31-Mar-16
I	Revenue from Operations	21	5,387.80	4,711.32
II	Other Income	22	72.17	33.85
III	**Total Income (I+II)**		**5,459.97**	**4,745.17**
IV	Expenses			
	Purchases of Stock-in-trade		1,526.52	1,319.70
	Changes in inventory of stock-in-trade		(31.71)	15.85
	Employee benefit expense	23	965.61	846.93
	Finance costs	24	145.58	344.41
	Depreciation and amortisation expense	25	425.58	369.11
	Other expenses	26	2,077.22	1,890.89
	Total expenses (IV)		**5,108.80**	**4,786.89**
V	**Profit/(loss) before exceptional items and tax (III- IV)**		**351.17**	**(41.72)**
VI	Exceptional Items	27	-	44.67
VII	**Profit/(loss) before tax (V-VI)**		**351.17**	**(86.39)**
VIII	**Tax expense**			
	(1) Current tax	28.1	75.40	-
	(2) Deferred tax	28.1	40.59	(39.13)
			115.99	**(39.13)**
IX	**Profit / (Loss) for the year (VII-VIII)**		**235.18**	**(47.26)**
X	Other Comprehensive Income / (Losses)			
	Items that will not be reclassified to Statement of profit and loss			
	(a) Remeasurements of the defined benefit liabilities / (asset)	34.2	(1.79)	1.65
	(b) Income tax on the above	28.2	0.62	(0.55)
			(1.17)	**1.10**
XI	**Total comprehensive income / (losses) for the year (IX + X)**		**234.01**	**(46.16)**
	Earnings per equity share:			
	Basic (in ₹) (Face value of ₹10 each)	31.1	2.86	(2.88)
	Diluted (in ₹) (Face value of ₹10 each)	31.2	2.85	(2.88)
See accompanying notes to the standalone financial statements				

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Statement of Changes in Equity for the years ended March 31, 2017 and 2016

a. Equity share capital

₹ in Million

Balance as at April 1, 2015		**699.84**
Changes in equity share capital during the year		
(a)	Issue of equity shares through initial public offer	116.00
(b)	Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014	16.95
(c)	Issue of equity shares pursuant to exercise of share warrants	9.50
(d)	Issue of equity shares pursuant to merger	8.47
	Balance as at March 31, 2016	**850.76**
Changes in equity share capital during the year		
(a)	Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014	6.37
Balance as at March 31, 2017		**857.13**

b. Other Equity

₹ in Million

	Shares pending allotment	Reserves and Surplus			Items of other comprehensive income	Total other equity
		Securities premium	Share options outstanding account	Retained earnings	Remeasurements of the defined benefit liabilities / (asset)	
Balance as at April 01, 2015	**8.47**	**2,430.20**	**34.37**	**(481.79)**	**0.00**	**1,991.25**
Profit/loss for the year	-	-	-	(47.26)	-	(47.26)
Other comprehensive income for the year (net of tax)	-	-	-		1.10	1.10
Total comprehensive income	**-**	**-**	**-**	**(47.26)**	**1.10**	**(46.16)**
Premium received on shares issued during the year	-	2,570.26	-	-	-	2,570.26
Share issue expenses	-	(163.33)	-	-	-	(163.33)
Transferred to Securities premium account on exercise of ESOPs	-	30.72	(30.72)	-	-	-
Deferred stock compensation expense for the year	-	-	5.39	-	-	5.39
Shares allotted during the year	(8.47)	-	-	-	-	(8.47)
Balance as at March 31, 2016	**-**	**4,867.85**	**9.04**	**(529.05)**	**1.10**	**4,348.94**
Profit/loss for the year	-	-	-	235.18	-	235.18
Other comprehensive income for the year (net of tax)	-	-	-		(1.17)	(1.17)
Total comprehensive income	-	-	-	235.18	(1.17)	234.01
Premium received on shares issued during year	-	62.93	-	-	-	62.93
Unspent amount of share issue expenses credited during the year (Refer note 15.1)	-	8.34	-	-	-	8.34
Transferred to Securities premium account on exercise of ESOPs	-	6.32	(6.32)	-	-	-
Deferred stock compensation expense for the year	-	-	9.45	-	-	9.45
Balance as at March 31, 2017	**-**	**4,945.44**	**12.17**	**(293.87)**	**(0.07)**	**4,663.67**
See accompanying notes to the standalone financial statements						

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V. Balaji
Partner

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Place : Bengaluru
Date : May 24, 2017

Standalone Cash Flow Statement

₹ in Million

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-17	31-Mar-16
Cash flows from operating activities		
Profit before tax for the year	351.17	(86.39)
Finance costs recognised in the statement of profit and loss	128.96	334.86
Investment income recognised in the statement of profit and loss	(61.12)	(21.13)
Loss on disposal of property, plant and equipment	0.45	15.03
Provision for bad and doubtful trade receivables and advances	26.12	32.54
Depreciation and amortisation of non-current assets	425.58	374.60
Expense recognised in respect of equity-settled share-based payments	9.45	5.39
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(336.88)	(165.82)
(Increase)/decrease in inventories	(32.23)	18.98
(Increase)/decrease in other assets	(46.48)	(62.73)
Increase/(decrease) in trade and other payables	183.28	140.34
Increase/(decrease) in provisions	10.39	10.42
Increase/(decrease) in other liabilities	(16.22)	56.70
Cash generated from operations	**642.47**	**652.79**
Income taxes paid (net of refunds)	(70.62)	(75.24)
Net cash generated by operating activities	**571.85**	**577.55**
Cash flows from investing activities		
Payments to acquire financial assets	(36.41)	(10.25)
Deposits realised from margin money	3.68	14.07
Inter-corporate deposits paid	(25.00)	-
Inter-corporate deposits refunded	17.86	-
Interest received	36.75	19.41
Investment in subsidiaries	(389.90)	(95.82)
Sale of subsidiaries	-	21.83
Amounts advanced to related parties	(96.07)	(4.25)
Received on closure of a unit	-	131.00
Payments for property, plant and equipment	(344.30)	(898.78)
Proceeds from disposal of property, plant and equipment	1.59	2.35
Gain from sale of mutual funds	19.61	-
Investments in mutual funds not considered as cash and cash equivalents	-	(35.00)
Net cash (used in) investing activities	**(812.19)**	**(855.44)**

Standalone Cash Flow Statement

₹ in Million

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-17	31-Mar-16
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	69.30	2,712.71
Payment for share issue costs	-	(77.22)
Proceeds from borrowings*	264.38	843.19
Repayment of borrowings	(312.91)	(1,946.28)
Interest paid	(114.79)	(331.93)
* Includes ₹213.87 million (FY 16 ₹135.70 million) of term loans drawn from banks towards settlement of deferred payment obligations		
Net cash (used in) / generated by financing activities	(94.02)	1,200.47
Net increase in cash and cash equivalents	**(334.36)**	**922.58**
Cash and cash equivalents at the beginning of the year	**736.03**	**(186.55)**
Cash and cash equivalents at the end of the year	**401.67**	**736.03**
See accompanying notes to the standalone financial statements		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Notes to the Standalone financial statements

1 HealthCare Global Enterprises Limited ('the Company') is engaged in setting up and managing hospitals and medical diagnostic services including scientific testing and consultancy services in the pharmaceutical and medical sector. The Company is a public company incorporated and domiciled in India and has its registered office at #8, P. Kalinga Rao Road, Sampangi Ram Nagar, Bengaluru – 560 027.

The standalone financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 24, 2017.

2 Significant accounting policies

2.1 Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

The standalone 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 judgements

In the application of the Company's accounting policies, the directors of the Company 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.

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 Company 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) Impairment of investments in subsidiaries

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

c) Useful lives of property, plant and equipment

The Company 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.

d) 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.

e) 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.

f) Share-based Compensation to Employees

The Company has granted share-based payment plans to its employees. Valuation models are used to calculate the expense for such share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour.

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 Company is not the primary obligor 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 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company 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.

Assets held under finance leases are initially capitalised as assets of the Company 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.

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 Company is the Indian Rupee (₹).

Exchange differences on monetary items are recognised in the Statement of profit and 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 Company 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 Company'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 Company 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 Company with no future related costs are recognised in statement of profit and 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 interest expense is recognised in the line item 'Finance costs'.

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 Share-based payment arrangements

Employees of the Company receive remuneration in the form of equity instruments, for rendering services over a defined vesting period. Equity instruments granted is measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of respective tranches (accelerated amortization). The expense is recognised in the Statement of Profit and loss with a corresponding increase to the Share options outstanding account, a component of equity. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

2.11 Taxation

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

2.11.1 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 standalone 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 Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.11.2 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 of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.11.3 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.12 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 Company'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.

For transition to Ind AS, the Company has elected to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

2.13 Intangible assets

2.13.1 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.

2.13.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.13.3 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 statement of profit and loss when the asset is derecognised.

2.13.4 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Type of asset	Useful Life
Computer software and data processing software	6 years
Software used in plant and machinery	13 years
Goodwill*	15 years

* The Company entered into Operation Agreement (OA) dated May 11, 2012 with Dr. Balabhai Nanavati Hospital (BNH), a public charitable trust to operate and manage the Oncology Department in BNH. The OA was valid for a period of 15 years comprising of an initial term of 8 years which shall be automatically renewed for a additional term of 7 years. As per the terms and conditions mentioned in the OA, the Company paid a sum of ` 150 Million to BNH as non-refundable deposit and incurred ` 5 Million towards cost of entering into OA with BNH. Such non-refundable deposit paid to BNH including cost of entering into such OA, was considered as Goodwill and the same was amortised over a period of 15 years, being the contractual period of the OA. During the year ended March 31, 2016, the Company closed down the operations in BNH. Refer Note 27(i) for further details.

2.13.5 Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.14 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out 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 VAT wherever applicable applying FIFO method.

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

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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).

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company 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.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

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 is measured at amortised cost 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 and loss.

Financial liabilities

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

2.17 Impairment

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

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured though a loss allowance. The Company 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 life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(ii) Non-financial assets

(a) Tangible 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.

2.18 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.

2.19 Earnings per share

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

3 Explanation of transition to Ind AS

The Company has prepared the opening standalone balance sheet as per Ind AS as of April 1, 2015 (the transition date) 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 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 Company as detailed below.

a) Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

b) Deemed cost for property, plant and equipment, and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

c) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement contains a lease on the basis of facts and circumstances existing at the transition date.

The Company has composite leases of land and building. The classification of each component i.e. land and building as finance lease or operating lease at the date of transition to Ind AS is done based on the basis of facts and circumstances existing as at that date.

d) Exchange difference on long-term foreign currency monetary items:

The Company 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.

Notes to the Standalone financial statements

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.

4 **The reconciliations between previous GAAP and Ind AS, and explanations for the significant differences on account of transition to Ind AS are explained below:**

(i) **Equity reconciliation**

₹ in Million

Particulars	Notes	As at 31-Mar-16	As at 01-Apr-15
Total equity (Shareholders' funds) under previous GAAP		**5,242.97**	**2,716.64**
Ind AS adjustments:			
Provision for expected credit loss on trade receivables	a	(94.00)	(85.30)
Effect of amortised cost of financial liabilities	b	4.40	20.20
Effect of change in classification of leased land	c	41.10	33.23
Others		(17.77)	(7.18)
Deferred tax adjustments on the above (Net)		23.00	13.50
Total equity under Ind AS attributable to owners of the Company		**5,199.70**	**2,691.09**

(ii) **Total comprehensive income reconciliation**

₹ in Million

Particulars	Notes	Year ended 31-Mar-16
Net Loss under Previous GAAP		**(28.44)**
Ind AS adjustments:		
Provision for expected credit loss on trade receivables	a	(8.70)
Effect of amortised cost of financial liabilities	b	(15.80)
Effect of change in classification of leased land	c	7.87
Actuarial gains/ losses recognised on other comprehensive income	d	(1.65)
Others		(10.59)
Deferred tax adjustments on the above (Net)		10.05
Net profit / (loss) under Ind AS		**(47.26)**
Other comprehensive income under Ind AS		
Actuarial gains/ losses	d	1.65
Deferred tax adjustments on the above (Net)		(0.55)
Total comprehensive income / (loss) under Ind AS		**(46.16)**

Notes to equity reconciliation and total comprehensive income reconciliation:

a) Provision for bad and doubtful receivables under the previous GAAP was based on 'incurred loss' model where provision was recognised based on the occurrence of credit loss event as against the 'expected credit loss' model under Ind AS wherein lifetime expected losses are recognised when such financial instruments (trade receivables) are first originated on the basis of relevant information about past events, including historical credit loss events for similar financial instruments, current conditions and reasonable and supportable forecasts. Based on the estimates, additional provision of ₹85.30 Million was recognised against for impairment of trade receivables as at transition date, with a corresponding charge recognised in the equity. For the year ended March 31, 2016, additional provision of ₹8.70 Million has been recognised for such impairment in the Statement of Profit and Loss.

b) Under previous GAAP, deferred payment obligations on purchase of medical equipment were recognised at the amounts required to settle the obligation at the balance sheet date. Under Ind AS, such financial liabilities are carried at amortised cost based on the market rate applicable for such loans using the effective interest rate method. As a result of discounting such financial liability as at the transition date, the difference between the financial liability at amortised cost under Ind AS and the carrying value of such liability under previous GAAP has been recognised in retained earnings. For the year ended March 31, 2016, the finance cost has increased by ₹15.80 million due to accrual of interest on such financial liability using effective interest rate method.

c) The Company has composite lease arrangements of land and buildings for its Hospitals. Under previous GAAP, these leases were considered finance leases. Under Ind AS, the land portion of such leases is treated as operating lease and the building portion continue to be treated as finance lease. On transition date, the effect of this change has resulted in de-recognition of finance lease liability for an amount of ₹137.15 Million (including interest accrued but not due on finance lease ₹13.94 Million) and finance lease asset for an amount of ₹103.92 Million and the differential amount is recognised in retained earnings. For the year ended March 31, 2016, this change has resulted in reduction of finance costs and depreciation by ₹16.48 Million and ₹4.83 Million respectively, and an increase in rental expense recognised in other expenses by ₹13.44 Million.

d) Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurernent of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of statement of profit and loss. The actuarial gains for the year ended March 31, 2016 were ₹1.65 Million and the tax effect thereon ₹0.55 Million This change does not affect total equity, but there is a decrease in profit before tax of ₹1.65 Million and in total profit of ₹1.1 Million for the year ended March 31, 2016.

Further, under previous GAAP, the Company accounted the finance cost on defined benefits obligation and the expected return on plan asset as employee benefits expense, whereas under Ind AS, net finance cost (finance cost on defined benefits obligation netted with expected return on plan asset) is recorded as finance cost. Employee benefits expense for the year ended March 31, 2016 is reduced with a corresponding increase in finance cost by ₹2.13 Million

(iii) Reconciliation of statement of cash flow:

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

5 Property, plant and equipment and capital work-in-progress

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Carrying amounts of:			
Land - Freehold	402.86	402.86	402.31
Buildings - Owned	586.63	595.05	602.02
Buildings - Leasehold	364.14	378.34	397.27
Leasehold Improvements	326.11	344.13	263.90
Plant and equipment - Owned	2,215.91	2,349.93	1,918.53
Plant and equipment - Leasehold	41.14	45.61	53.82
Lab equipment	30.66	21.56	25.44
Office Equipment	40.55	42.73	32.65
Furniture and Fixtures	54.59	58.27	50.20
Data processing equipment	23.02	24.80	18.87
Electrical installation	14.09	12.47	13.29
Vehicles	17.01	9.85	8.33
	4,116.71	**4,285.60**	**3,786.63**
Capital work-in-progress	334.15	285.73	279.70
	4,450.86	**4,571.33**	**4,066.33**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

5 Property, plant and equipment and capital work-in-progress

	Description of Assets	Property, plant and equipment												
		Land - Freehold	Buildings - Owned	Buildings - Leasehold	Leasehold Improvements	Plant and equipment - Owned	Plant and equipment - Leasehold	Lab equipment	Office Equipment	Furniture and Fixtures	Data processing equipment	Electrical installation	Vehicles	Total
I.	**Cost**													
	As at 1 April, 2015	**402.31**	**602.02**	**397.27**	**263.90**	**1,918.53**	**53.82**	**25.44**	**32.65**	**50.20**	**18.87**	**13.29**	**8.33**	**3,786.63**
	Additions	0.55	6.28	-	107.64	648.39	-	3.86	20.02	20.38	14.50	6.25	5.33	833.20
	Disposals	-	-	-	-	(5.30)	-	(0.10)	(0.93)	(0.46)	(0.77)	-	(3.09)	(10.65)
	Effect of foreign currency exchange differences	-	-	-	-	36.39	-	-	-	-	-	-	-	36.39
	Assets retired from use	-	-	-	(0.24)	(6.39)	-	-	(1.26)	(0.55)	(0.61)	-	-	(9.05)
	Balance as at 31 March, 2016	**402.86**	**608.30**	**397.27**	**371.30**	**2,591.62**	**53.82**	**29.20**	**50.48**	**69.57**	**31.99**	**19.54**	**10.57**	**4,636.52**
	Additions	-	28.96	-	16.10	229.60	-	17.32	8.61	9.81	12.58	7.35	9.41	339.74
	Disposals	-	-	-	(1.05)	(56.64)	-	-	(0.11)	(0.16)	-	-	-	(57.96)
	Disposal of business to subsidiary (refer note 42)	-	-	-	-	(134.44)	-	-	(0.94)	(0.82)	(0.82)	-	(0.28)	(137.30)
	Exchange Fluctuation	-	-	-	-	(8.13)	-	-	-	-	-	-	-	(8.13)
	Balance as at 31 March, 2017	**402.86**	**637.26**	**397.27**	**386.35**	**2,622.01**	**53.82**	**46.52**	**58.04**	**78.40**	**43.75**	**26.89**	**19.70**	**4,772.87**
II.	**Accumulated depreciation**													
	Depreciation expense	-	13.25	18.93	27.22	246.12	8.21	7.66	9.03	11.89	8.46	7.07	2.01	359.85
	Eliminated on disposal of assets	-	-	-	-	(3.70)	-	(0.02)	(0.77)	(0.39)	(0.77)	-	(1.29)	(6.94)
	Assets retired from use	-	-	-	(0.05)	(0.73)	-	-	(0.51)	(0.20)	(0.50)	-	-	(1.99)
	Balance as at 31 March, 2016	**-**	**13.25**	**18.93**	**27.17**	**241.69**	**8.21**	**7.64**	**7.75**	**11.30**	**7.19**	**7.07**	**0.72**	**350.92**
	Eliminated on disposal of assets	-	-	-	(0.73)	(55.01)	-	-	(0.07)	(0.11)	-	-	-	(55.92)
	Disposal of business to subsidiary (refer note 42)	-	-	-	-	(55.78)	-	-	(0.91)	(0.69)	(0.75)	-	(0.28)	(58.41)
	Depreciation expense	-	16.82	14.20	33.80	295.76	4.47	8.22	10.72	13.31	14.29	5.73	2.25	419.57
	Balance as at 31 March, 2017	**-**	**30.07**	**33.13**	**60.24**	**426.66**	**12.68**	**15.86**	**17.49**	**23.81**	**20.73**	**12.80**	**2.69**	**656.16**
	Net Block as at 31 March, 2016	**402.86**	**595.05**	**378.34**	**344.13**	**2,349.93**	**45.61**	**21.56**	**42.73**	**58.27**	**24.80**	**12.47**	**9.85**	**4,285.60**
	Net Block as at 31 March, 2017	**402.86**	**607.19**	**364.14**	**326.11**	**2,195.35**	**41.14**	**30.66**	**40.55**	**54.59**	**23.02**	**14.09**	**17.01**	**4,116.71**

(Amounts in ₹ Million unless otherwise stated)

6 Other intangible assets

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Carrying amounts of:			
Computer software	51.57	22.26	28.91
Software plant and machinery	2.67	2.88	3.17
	54.24	**25.14**	**32.08**

Description of Assets		Other intangible Assets		
		Computer software	Software plant and machinery	Total
I.	**Cost**			
	As at 1 April, 2015	28.91	3.17	32.08
	Additions	2.40	-	2.40
	Disposals	(0.50)	-	(0.50)
	Balance as at 31 March, 2016	30.81	3.17	33.98
	Additions	35.11	-	35.11
	Disposals	-	-	-
	Balance as at 31 March, 2017	**65.92**	**3.17**	**69.09**
II.	**Accumulated amortisation and impairment**			
	Amortisation expense	8.97	0.29	9.26
	Eliminated on disposal of assets	(0.42)	-	(0.42)
	Balance as at 31 March, 2016	8.55	0.29	8.84
	Amortisation expense	5.80	0.21	6.01
	Balance as at 31 March, 2017	**14.35**	**0.50**	**14.85**
	Net Block as at 31 March, 2016	22.26	2.88	25.14
	Net Block as at 31 March, 2017	**51.57**	**2.67**	**54.24**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

7 Investments

Investments consist of the following:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A) Non-current			
i) Investments carried at cost			
Subsidiary Companies			
- Malnad Hospital & Institute of Oncology Private Limited	6.44	6.44	6.44
- Niruja Product Development and Healthcare Research Private Limited	0.50	0.50	0.50
- HealthCare Global Senthil Multi-Specialty Hospital Private Limited (net of provision for decline, other than temporary, in the carrying amount of ₹ 8.38 million)	-	-	-
- HCG Medi-surge Hospitals Private Limited	94.67	94.67	94.67
- HCG TVH Medical Imaging Private Limited	-	-	15.26
- BACC HealthCare Private Limited	602.28	602.28	602.28
- HCG Pinnacle Oncology Private Limited	0.50	0.50	0.50
- HCG Regency Oncology Healthcare Private Limited	132.20	74.70	50.20
- Health Care Global (Uganda) Private Limited	-	-	3.19
- HealthCare Global (Kenya) Private Limited	-	-	3.71
- HealthCare Global (Tanzania) Private Limited	-	-	0.06
- HCG (Mauritius) Private Limited	24.17	11.16	-
Subsidiary Limited Liability Partnerships			
- HCG Diwanchand Imaging LLP	32.47	31.90	31.77
- Apex HCG Oncology Hospitals LLP	70.71	32.89	27.78
- HCG Oncology LLP	74.17	55.31	-
- HCG NCHRI Oncology LLP	31.89	-	-
- HCG EKO LLP	2.50	-	-
- HCG Manavata Oncology LLP	227.75	-	-
ii) Investments carried at fair value through profit or loss			
Mutual funds and other funds (Quoted)			
Religare Invesco Short Term Fund- 17,112.198 units @ ₹2,240.26 (17,112.198 units @ ₹2,052.11)	38.34	35.12	-
SBI One India Fund - Long-term dividend plan (Unquoted)	1.04	1.04	1.04
LIC Mutual Fund Nomura-Short-term plan (Unquoted)	0.01	0.01	0.01
Investment in government or trust securities (Unquoted)	0.15	0.15	0.15
Total Non-Current Investments	**1,339.79**	**946.67**	**837.56**

(Amounts in ₹ Million unless otherwise stated)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Units	Amount	Units	Amount	Units	Amount
B)	Current						
	Investments carried at fair value through profit or loss						
	Mutual funds and other funds (Quoted)						
	- Unit Trust of India - Money Market Fund	24,060.61	53.93	88,678.36	150.04		-
	- Birla Sun life	65,845.71	20.98	-	-		-
	- ICICI Prudential Money Market Fund - Growth		-	7,18,052.75	150.16		-
	- Kotak Floater Short Term - Growth		-	60,481.13	150.00		-
	- Reliance liquid fund - Treasury Plan		-	40,782.07	150.04		-
	Total Current Investments		**74.91**	**-**	**600.24**		**-**
	Aggregate amount of quoted investments		113.25		635.36		-
	Aggregate amount of Market value of investments		113.25		635.36		-
	Aggregate amount of unquoted investments (gross)		1,309.83		919.93		845.94
	Aggregate amount of impairment in value of investments		8.38		8.38		8.38

The market value of quoted investments is equal to the carrying value

8 Loans

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Non Current	Current	Non Current	Current	Non Current	Current
a)	**Loans (unsecured) to related parties (Refer note 40)**						
	Considered good	84.48	-	52.92	-	54.48	-
	Considered doubtful	30.38	-	30.38	-	30.38	-
	Less : Allowance for bad and doubtful loans	(30.38)	-	(30.38)	-	(30.38)	-
b)	**Loans and advances (unsecured) to employees**						
	Considered good	-	18.41	-	17.01	-	6.94
c)	**Inter-Corporate deposits**						
	Considered good	29.30	-	22.16	-	22.16	-
	Total	**113.78**	**18.41**	**75.08**	**17.01**	**76.64**	**6.94**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

9 Other Financial Assets

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Security deposits	190.90	-	132.63	-	109.53	-
Advances to related parties (Refer note 40)	-	82.38	-	17.87	-	12.06
Unbilled revenue	-	79.75	-	94.22	-	67.44
Term deposit more than 12 months maturity	40.50	22.24	31.15	35.27	58.92	21.57
Interest accrued on deposits	9.67	-	8.61	-	8.00	-
Interest accrued on loan to subsidiaries (refer note 40)	-	14.53	-	14.06	-	12.95
	241.07	**198.90**	**172.39**	**161.42**	**176.45**	**114.02**

10 Other Assets

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Unsecured, considered good						
Capital Advances	52.93	-	32.19	-	23.17	-
Prepaid expenses	133.86	29.23	102.54	29.07	111.52	29.98
Rental advance	-	22.30	-	15.64	-	13.77
Advance to vendors	-	40.58	-	41.03	-	19.98
Unsecured, considered doubtful						
Advance to vendors	-	27.93	-	27.93	-	24.66
Less : Allowance for bad and doubtful advances	-	(27.93)	-	(27.93)	-	(24.66)
	186.79	**92.11**	**134.73**	**85.74**	**134.69**	**63.73**

11 Inventories

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
a) Inventories (lower of cost and net realisable value)			
Medicines	100.38	80.59	94.43
Other Consumables	42.69	30.25	35.39
	143.07	**110.84**	**129.82**

12 Trade receivables

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Trade receivables (unsecured) consist of following						
a) considered good	-	1,002.39	-	691.63	-	558.35
b) considered doubtful	-	361.12	-	335.00	-	305.73
Allowance for doubtful debts (expected credit loss allowance)	-	(361.12)	-	(335.00)	-	(305.73)
	-	**1,002.39**	**-**	**691.63**	-	**558.35**

Notes to the Standalone financial statements

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix given in note 38.

12.1 Movement in the expected credit loss allowance

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of the year	335.00	305.73
Additional provision during the year	26.12	29.27
Written-off during the year	-	-
Balance at end of the year	**361.12**	**335.00**

Note: Trade receivables include due from companies in which any director is a director or member

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Private companies in which any director is a director or member			
- HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	0.32	0.32	0.32
- HCG Medi-surge Hospitals Private Limited	64.78	33.27	39.50
- Malnad Hospital and Institute of Oncology Private Limited	7.14	6.04	5.51
- BACC Healthcare Private Limited	0.13	0.09	0.04
- JSS Bharath Charitable Trust	3.47	4.01	5.73
- Sada Sarada Tumor & Research Institute	32.63	24.20	39.50
- HCG Pinnacle Oncology Private Limited	39.79	3.00	0.00
- HCG Oncology LLP	15.55	0.00	0.00
- HCG Foundation	13.48	15.79	16.01
- HCG TVH Medical Imaging Private Limited.	0.00	0.00	7.18
- B.C.C.H.I. Trust	0.25	0.25	0.00

13 Cash and cash equivalents

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the standalone statement of cash flows can be reconciled to the related items in the standalone balance sheet as follows:

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Balances with Banks			
Earmarked balances with banks	338.67	364.17	-
In deposit accounts	382.90	-	
Other bank balances - EEFC accounts	5.07	19.25	22.24
Others- Escrow Account	-	95.68	-
In current accounts	5.27	16.93	73.02
Cheques, drafts on hand	0.72	0.62	2.16
Cash on hand	6.78	7.96	8.74
Cash and cash equivalents as per balance sheet	**739.41**	**504.61**	**106.16**
Add: Investments in liquid mutual funds in the nature of "Cash and cash equivalents" (Refer note 7(B))	74.91	600.25	-
Bank overdrafts (Refer Note 16)	(412.65)	(368.83)	(292.71)
Cash and cash equivalents as per standalone statement of cash flows	**401.67**	**736.03**	**(186.55)**

Notes to the Standalone financial statements

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN)* held and transacted during the period from November 8, 2016 to December 30, 2016 are provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	**7.28**	**1.29**	**8.57**
(+) Permitted receipts	7.14	98.42	105.56
(-) Permitted payments	(0.02)	(8.90)	(8.92)
(-) Amount deposited in Banks	(14.40)	(87.77)	(102.17)
Closing cash in hand as on December 30, 2016	-	**3.04**	**3.04**

* The term 'Specified Bank Notes' have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016

14 Equity Share Capital

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Authorised Share capital :			
127,000,000 fully paid equity shares of ₹ 10 each	1,270.00	1,270.00	1,270.00
Issued and subscribed capital comprises:			
85,712,986 fully paid equity shares of ₹ 10 each (as at March 31, 2016: 85,075,986; as at April 1, 2015: 69,983,808)	857.13	850.76	699.84

14.1 Fully paid equity shares

	Number of shares	Share capital (Amount)
Balance as at April 1, 2015	**6,99,83,808**	**699.84**
Increase during the year (Refer Note (i) below)		
(a) Issue of equity shares through initial public offer	1,16,00,000	116.00
(b) Issue of equity shares under employee share option plan 2014	16,95,077	16.95
(c) Issue of equity shares pursuant to exercise of share warrants	9,50,341	9.50
(d) Issue of equity shares pursuant to merger	8,46,760	8.47
Balance as at March 31, 2016	**8,50,75,986**	**850.76**
(a) Issue of equity shares under employee share option plan 2014	6,37,000	6.37
Balance as at March 31, 2017	**8,57,12,986**	**857.13**

(i) During the previous year, the Company had completed the initial public offer and had allotted 11,600,000 equity shares of ₹ 10/- each at a premium of ₹ 208/- per share. Other issue of equity shares during the year ended 31 March 2016 includes:

- 846,760 shares issued at face value to erstwhile minority shareholders of HCG Vijay Oncology Private Limited ('HCG Vijay') pursuant to merger of HCG Vijay with the Company,
- 903,505 and 46,836 shares issued at a premium of ₹ 100.68 per share and ₹ 76.30 per share respectively, pursuant to exercise of share warrants, and
- 1,695,077 shares issued to holders of Employee Stock Option Scheme pursuant to exercise of vested options.

Fully paid equity shares, which have a par value of ₹10, carry one vote per share and carry a right to dividends The Company has only one class of equity share having a par value of ₹10/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

14.2 Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Fully paid equity shares						
Dr B.S Ajaikumar	1,76,42,739	20.58%	1,76,42,739	20.74%	1,73,98,665	24.86%
Sundaram Mutual Fund	54,90,474	6.41%	-	-	-	-
V Sciences Investments Pte. Limited	83,20,805	9.71%	83,20,805	9.78%	1,17,70,805	16.82%
International Finance Corporation	43,58,705	5.09%	43,58,705	5.12%	-	-
Franklin Templeton Mutual Fund	57,90,082	6.76%	-	-	-	-
Prazim Trading and Investment Co Private Limited	66,54,723	7.76%	-	-	-	-
PI Opportunities Fund 1	-	-	1,19,30,000	14.02%	1,53,80,000	21.98%
IL&FS Trust Company Limited A/c Milestone Private Equity Fund	-	-	-	-	1,28,77,583	18.40%

14.3 Aggregate number of equity shares allotted as fully paid-up without payment being received in cash for a period of five years immediately preceding the year ended 31 March 2017

Particulars		Aggregate number of shares as at		
		31-Mar-17	31-Mar-16	01-Apr-15
(a)	Issue of fully paid-up shares pursuant to contract without payment being received in cash	-	-	7,50,126
(b)	Issue of shares pursuant to mergers	15,31,562	15,31,562	6,84,802

14.4 Number of equity shares of Rs.10/- each reserved for issuance

Particulars		As at		
		31-Mar-17	31-Mar-16	01-Apr-15
a)	to eligible employees under Employee Stock Option Scheme	29,67,923	36,04,923	53,00,000
b)	to Dr. B. S Ajaikumar pursuant to outstanding share warrants	-	-	9,50,341
c)	to minority shareholders of erstwhile subsidiaries pursuant to merger	-	-	8,46,760

15 Other equity

	Note	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Securities premium	15.1	4,945.44	4,867.85	2,430.20
Share options outstanding account	15.2	12.17	9.04	34.37
Retained earnings	15.3	(293.87)	(529.05)	(481.79)
Remeasurements of the defined benefit liabilities / (asset)	15.4	(0.07)	1.10	-
Shares pending allotment		-	-	8.47
		4,663.67	**4,348.94**	**1,991.25**

(Amounts in ₹ Million unless otherwise stated)

15.1 Securities premium

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	4,867.85	2,430.20
Premium on shares issued during year	69.25	2,600.98
Share issue expenses *	8.34	(163.33)
Balance at end of year	**4,945.44**	**4,867.85**

* Share issue expenses of ₹ 163.33 million towards Initial Public Offer of 11,600,000 shares had been debited to securities premium in the previous year. Out of this unspent amount of ₹8.34 million has been credited to securities premium during the year

15.2 Share options outstanding account

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	**9.04**	**34.37**
Transferred to Securities premium account on exercise of ESOPs	(6.32)	(30.72)
Deferred stock compensation expense for the year	9.45	5.39
Balance at end of year	**12.17**	**9.04**

The above reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 34.3.

15.3 Retained earnings

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**(529.05)**	**(481.79)**
Profit/ (loss) attributable to owners of the Company	235.18	(47.26)
Balance at end of year	**(293.87)**	**(529.05)**

15.4 Remeasurements of the defined benefit liabilities / (asset)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**1.10**	**-**
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(1.17)	1.10
Balance at end of year	**(0.07)**	**1.10**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

16 Borrowings

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured - at amortised cost						
(i) Term loans						
from banks (Refer note 16.1.1)	392.43	-	134.50	-	1,331.79	-
from other parties (Refer note 16.1.2)	34.55	-	60.06	-	75.85	-
(ii) Vehicle loans (Refer note 16.1.4 & 16.1.5)	1.44	-	0.19	-	0.70	-
(iii) Loans repayable on demand	-	-	-	-	-	-
-from Banks (Bank overdraft) (Refer note 16.1.6)	-	412.65	-	368.83	-	292.71
Unsecured - at amortised cost						
(i) Deferred payment liabilities (Refer note 16.1.3)	83.92	-	542.55	-	411.25	-
(ii) Long term maturities of finance lease obligations (Refer note 33.1)	475.62	-	490.55	-	509.03	-
Total	**987.96**	**412.65**	**1,227.85**	**368.83**	**2,328.62**	**292.71**

16.1 Summary of borrowing arrangements

Details of security and terms of repayment of term loans and other loans (except loans repayable on demand) are stated below.

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
16.1.1 Term loans from banks - Secured			
Non-current portion	392.43	134.50	1,331.79
Amounts included under current maturities of long-term debt	4.03	-	92.62
Details of security and terms of repayment for the amounts borrowed during the current year:			
- Secured by exclusive charge on equipments purchased from these loans, first charge on immovable fixed assets (land and building/structures there upon) and movable fixed assets (both present and future, not charged exclusively to any other lender) and first pari-passu charge on all current assets and receivables (both present and future)			
- Rate of interest: bank's base rate + 0.75% to 1% p.a.			
- Repayable in installments over a period of 10 years after 1 year moratorium from the date of borrowing.			

(Amounts in ₹ Million unless otherwise stated)

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
16.1.2 Term loans from others - Secured			
Non-current portion	34.55	60.06	75.85
Amounts included under current maturities of long-term debt	22.85	28.04	55.78
- Secured by equipment purchased out of amount financed			
- Rate of Interest 4.64% to 14.05% p.a.			
- Repayment varies between 48 to 84 monthly installments	-		
16.1.3 Deferred payment obligations - Unsecured			
Non-current portion	83.92	542.55	411.25
Amounts included under current maturities of long-term debt	490.19	293.62	177.43
- Rate of interest varies between 0.75% to 7% p.a			
- Repayment in installments over a period of 1 to 5 years			
16.1.4 Vehicle loan from bank - Secured			
Non-current portion	1.44	0.19	0.61
Amounts included under current maturities of long-term debt	0.50	1.00	0.38
- Secured by hypothecation of cars purchased out of finance.			
- Rate of Interest 9.25% - 11.25% p.a.			
- Repayable in 18 to 60 monthly installments from the date of borrowing.			
16.1.5 Vehicle loan from others - Secured			
Non-current portion	-	-	0.09
Amounts included under current maturities of long-term debt	-	-	0.40
- Secured by hypothecation of car purchased out of finance.			
- Rate of Interest 10.5% p.a.			
- This loan has been repaid in full during the previous year.			
Total	**1,029.91**	**1,059.96**	**2,146.20**
Non-current portion	**512.34**	**737.30**	**1,819.59**
Amounts included under current maturities of long-term debt	517.57	322.66	326.61

(Amounts in ₹ Million unless otherwise stated)

Details of security and terms of repayment for loans repayable on demand:

Terms of repayment and security		As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
16.1.6	Secured loan repayable on demand from banks:			
	Secured by first pari-passu charge on entire current assets (both present and future), second pari- passu charge over entire fixed assets (both present and future other than exclusively charged)	412.65	368.83	292.71
	Of the above, short-term borrowings guaranteed by directors of the Company	-	-	76.66

17 Other financial liabilities

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Non Current	Current	Non Current	Current	Non Current	Current
a)	Current maturities of long-term debt *	-	27.38	-	29.04	-	149.18
b)	Current maturities of finance lease obligations (Refer note 33.1)	-	14.93	-	18.48	-	16.85
c)	Current maturity of deferred payment obligations *	-	490.19	-	293.62	-	177.43
d)	Interest accrued not due	-	99.03	-	84.86	-	81.93
e)	Payable on purchase of fixed assets	15.43	60.60	21.02	42.32	25.22	32.41
f)	Payable to subsidiary	-	15.05	-	-	-	-
	Total	**15.43**	**707.18**	**21.02**	**468.32**	**25.22**	**457.80**

* The details of interest rates, repayment and other terms are disclosed under note 16.1

18 Provisions

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Employee benefits						
Gratuity (Refer note 34.2)	23.66	23.45	23.18	16.46	17.17	15.15
Compensated absences	-	21.90	-	18.98	-	15.88
Total	**23.66**	**45.35**	**23.18**	**35.44**	**17.17**	**31.03**

19 Trade Payables

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Trade payables	1,133.91	972.85	747.51
Total	**1,133.91**	**972.85**	**747.51**

There are no micro and small enterprises to whom the Company 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 Company.

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

20 Other current liabilities

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
(a) Advance from customers	118.00	139.45	82.94
(b) Others - Statutory remittances	44.22	38.99	38.80
Total	**162.22**	**178.44**	**121.74**

21 Revenue from Operations

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Income from medical services	3,471.67	3,036.21
(b)	Income from Pharmacy	1,887.01	1,637.70
(c)	Other operating revenues	29.12	37.41
		5,387.80	**4,711.32**

22 Other Income

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest income	38.28	21.13
(b)	Net foreign exchange gains	3.31	4.30
(c)	Net gain on sale of investments in mutual funds	22.84	-
(d)	Net gain on financial assets designated at fair value through profit and loss	0.39	-
(e)	Payables no longer required written-back	0.29	0.87
(f)	Miscellaneous income	7.06	7.55
		72.17	**33.85**
Interest income comprise:			
Interest on Bank deposits		22.37	8.78
Interest on Income tax refund		3.89	0.36
Interest on unsecured loans given to subsidiaries (Refer Note 40)		6.97	5.29
Interest on Inter-corporate deposits		1.61	2.80
Interest on financial assets at amortised cost		3.44	3.90
		38.28	21.13

23 Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	872.57	770.09
Contribution to provident and other funds (Refer note 34.1)	38.03	31.07
Gratuity Expense (Refer note 34.2)	8.88	10.49
Expense on employee stock option scheme (Refer note 35)	9.45	5.39
Staff welfare expenses	36.68	29.89
	965.61	**846.93**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

24 Finance costs

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	**Interest costs :-**		
	Interest on bank overdrafts and loans	30.53	238.41
	Interest on obligations under finance leases	95.42	89.40
	Interest on defined benefit obligations, net (Refer note 34.2)	3.01	2.13
(b)	**Other borrowing costs :-**		
	Bank charges	16.62	14.47
		145.58	**344.41**

25 Depreciation and amortisation expense

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment	419.57	359.85
Amortisation of intangible assets	6.01	9.26
Total depreciation and amortisation expense	**425.58**	**369.11**

26 Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Medical consultancy charges	1,054.34	941.09
Lab charges	110.22	106.01
Power and fuel, Water Charges	129.02	120.59
House Keeping Expenses	119.64	101.63
Rent (Refer note 33.2)	190.87	146.82
Repairs to Buildings	11.76	13.59
Repairs to Machinery	138.01	124.63
Office Maintenance & Others	39.83	32.19
Insurance	7.95	8.12
Rates and Taxes	14.76	12.04
Printing & Stationery	23.93	22.17
Postage & Telegram	23.39	18.30
Advertisement, Publicity & Marketing	63.46	67.82
Travelling & Conveyance	57.18	65.62
Legal & Professional Fees	36.25	48.40
Audit Fee (Refer note 26.1)	4.90	4.33
Provision for Bad Debts & Doubtful advances	26.12	32.54
Loss on Disposal of Property, Plant & Equipment	0.45	1.44
Miscellaneous expenses	25.14	23.56
	2,077.22	**1,890.89**

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

26.1 Payments to auditors

		Year ended March 31, 2017	Year ended March 31, 2016
a)	For audit of the financial statements of the Company and limited review of interim results	3.70	3.35
b)	Out of pocket expenses and service tax on above	1.20	0.98
		4.90	**4.33**

27 Exceptional Items

	Year ended March 31, 2017	Year ended March 31, 2016
Net loss relating to Hospital unit closed during the year (Refer Note (i) below)	-	44.28
Profit on sale of non-current investments (Refer note (ii) below	-	(0.26)
Loss on sale of non-current investments (Refer note (iii) below)	-	0.65
	-	**44.67**

(i) In the prior years, the Company had entered into an Operation Agreement (OA) with Dr. Balabhai Nanavati Hospital (BNH), a public charitable trust, to operate and manage the Oncology Center in BNH. In the previous year, as a result of certain disputes between the parties, arbitration proceedings were initiated in the Bombay High Court. The Bombay High Court disposed-off the matter by its order dated 30-Oct-15 as the parties agreed to settle all their disputes in accordance with the Consent terms. On the basis of the mentioned consent terms, the OA was terminated and the Company received a sum of ₹ 131 million from BNH. Also refer note 2.13.4.

Adjustments made in the previous period to recognize the loss as a result of the above settlement is given below:

Particulars	31-Mar-16
Carrying value of assets disposed-off as a result of termination of operations	
Trade receivable	17.14
Property, plant and equipment	7.07
Goodwill	120.38
Total exposure	**144.59**
Less: Recoveries from BNH	(131.00)
Impairment loss	**13.59**

The results of this unit for the previous period, including the impairment losses explained above, have been classified under exceptional items in these financial statements, the details of which are given below:

Particulars	31-Mar-16
Revenue	
(a) Revenue from Pharmacy sales	18.70
(b) Other income	0.61
Total revenue (A)	**19.31**
Expenses	
(a) Purchases of stock-in-trade	9.97
(b) (Increase) / decrease in stock-in-trade	3.12
(c) Employee benefits expense	3.82
(d) Finance costs	5.16
(e) Depreciation and amortisation expense	5.49
(f) Other expenses (including impairment losses explained above)	36.03
Total expenses (B)	**63.59**
Net loss for the period on closure of hospital unit (A) - (B)	**44.28**

(Amounts in ₹ Million unless otherwise stated)

(ii) Sale of investments in subsidiary HCG TVH Medical Imaging Private Limited:

During previous year, in accordance with the terms of share purchase agreement with Anderson Diagnostic Services Private Limited dated 23 November 2015, the Company sold its long-term investments in equity and preference shares held in HCG TVH Medical Imaging Private Limited (HCG TVH) for a total consideration of ₹15.5 million. The resulting gain of ₹0.26 million on sale of such long-term investments has been classified as exceptional items.

(iii) Loss on sale of non-current investments relate to sale of non-current investments in the following entities to HealthCare Global (Africa) Private Limited, a subsidiary of HCG (Mauritius) Private Limited.

(a) Health Care Global (Uganda) Private Limited

(b) HealthCare Global (Kenya) Private Limited

(c) HealthCare Global (Tanzania) Private Limited

28 Income tax expense

28.1 Income tax recognised in the Statement of profit and loss

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current year	75.40	-
	75.40	**-**
Deferred tax		
In respect of the current year	40.59	(39.13)
	40.59	**(39.13)**
Total income tax expense recognised in the Statement of profit and loss	**115.99**	**(39.13)**

The reconciliation between the income tax expense and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax for the year	351.17	(86.39)
Enacted income tax rate in India	34.608%	34.608%
Computed expected tax expense	121.53	(29.90)
Effect of:		
Adjustments recognised in respect of changes in brought forward tax losses	(5.54)	(9.23)
	115.99	**(39.13)**

28.2 Income tax recognised in other comprehensive income

	Year ended March 31, 2017	Year ended March 31, 2016
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	0.62	(0.55)
Total income tax recognised in other comprehensive income on items that will not be reclassified to profit or loss	**0.62**	**(0.55)**

(Amounts in ₹ Million unless otherwise stated)

28.3 Deferred tax balances (Net)

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening Balance	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(471.14)	(6.58)	-	(477.72)
Intangible assets	(3.54)	(8.55)	-	(12.09)
Financial liabilities at amortised cost	(1.53)	6.39	-	4.86
MAT credit entitlement	33.28	75.40	-	108.68
Provision for doubtful debts/advances	130.58	8.56	-	139.14
Defined benefit obligation	29.62	3.57	0.62	33.81
Tax losses	422.82	(119.38)	-	303.44
	140.09	**(40.59)**	**0.62**	**100.12**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening Balance	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(447.05)	(24.09)	-	(471.14)
Intangible assets	(25.47)	21.93	-	(3.54)
Financial liabilities at amortised cost	(7.00)	5.47	-	(1.53)
MAT credit entitlement	33.28	-	-	33.28
Provision for doubtful debts/advances	117.23	13.35	-	130.58
Defined benefit obligation	20.01	10.16	(0.55)	29.62
Tax losses	410.51	12.31	-	422.82
	101.51	**39.13**	**(0.55)**	**140.09**

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Further, the Company carries tax credit entitlement in respect of Minimum Alternate Tax (MAT) paid, which can be carried forward for certain period and can be set-off against future tax liabilities to the extent income tax under normal tax provisions exceeds MAT for those years. Tax benefits on unabsorbed business losses and MAT credit entitlement have been recognised as deferred tax asset as it is more probable than not that the future economic benefits associated with the asset will be realised.

28.4 Current tax assets (Net)

	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Advance tax (Net of Provision for tax)	253.31	258.71	183.04
	253.31	**258.71**	**183.04**

29 Contingent liabilities

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
a) Corporate guarantee given on behalf of subsidiaries and other parties	999.02	475.25	181.26
b) Other money for which the company is contingently liable			
Excise and Service Tax	15.72	15.72	-
Value Added Tax	2.94	3.00	1.99
Income Tax	-	-	35.83
c) Bonus to employees pursuant to retrospective amendment to the Payment of Bonus Act, 1965	9.98	9.98	-

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

30 Commitments

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	744.99	1,215.98	1,738.06
(b) Written put options issued by the Company to the non-controlling interests of its subsidiaries	1,166.65	1,051.04	946.88

31 Earnings per Share

31.1 Basic earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

	31-Mar-17	31-Mar-16
Profit / (loss) for the year attributable to owners of the Company	235.18	(47.26)
Adjustment in respect of share issue expenses charged-off to securities premium account which is otherwise required to be recognised in the Statement of profit and loss in accordance with Ind AS	8.34	(163.33)
The earnings used in the calculation of basic earnings per share	243.52	(210.59)
Weighted average number of equity shares for the purposes of basic earnings per share	8,51,63,315	7,28,70,351
Basic earnings per share for the year (amount in ₹)	**2.86**	**(2.88)**

31.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.

	31-Mar-17	31-Mar-16
Earnings used in the calculation of basic earnings per share	243.48	(210.56)
Earnings used in the calculation of diluted earnings per share	243.48	(210.56)
Weighted average number of equity shares used in the calculation of diluted earnings per share	8,51,73,020	7,28,70,351
Diluted earnings per share for the year (amount in ₹)	**2.85**	**(2.88)**

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

	31-Mar-17	31-Mar-16
Weighted average number of equity shares used in the calculation of basic earnings per share	8,51,63,315	7,28,70,351
Shares deemed to be issued for no consideration in respect of employee options	9,705	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	**8,51,73,020**	**7,28,70,351**

For the year ended March 31, 2017, 919,490 number of options to purchase equity shares had an anti-dilutive effect. For the year ended March 31, 2016, 734,217 number of options to purchase equity shares had an anti-dilutive effect.

32 Segment information

The Company is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

(Amounts in ₹ Million unless otherwise stated)

33 Leasing arrangements: The Company being a lessee

33.1 Finance lease arrangements

Finance leasing arrangements of the Company include lease of Hospital buildings for duration of 24 to 30 years and medical equipments for 6 years. Interest rates underlying all obligations under finance leases range between 10% to 12% p.a. The details of future minimum lease payment and reconciliation of gross investment in the lease and present value of minimum lease payments are given below:

Finance lease liabilities

Particulars	Minimum Lease Payments			Present Value of Minimum Lease Payments		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Not later than one year	71.12	73.06	69.83	14.93	18.48	16.85
Later than one year and not later than five years	253.74	256.54	249.37	-	14.93	33.41
Later than five years	1,435.70	1,504.00	1,584.24	475.62	475.62	475.62
	1,760.56	**1,833.60**	**1,903.44**	**490.55**	**509.03**	**525.88**
Less: future finance charges	(1,270.01)	(1,324.57)	(1,377.56)	-	-	-
Present value of minimum lease payments	**490.55**	**509.03**	**525.88**	**490.55**	**509.03**	**525.88**
Included in the standalone financial statements as:						
- Current maturities of finance lease obligations (Refer note 17)				14.93	18.48	16.85
- Non-current borrowings (Refer note 16)				475.62	490.55	509.03
				490.55	**509.03**	**525.88**

33.2 Operating lease arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 5 to 30 years and may be renewed for a further period, based on mutual agreement of the parties.

Payments recognised as an expense in Note 26

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Minimum lease payments	190.87	146.82
	190.87	**146.82**

Non-cancellable operating lease commitments

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Not later than 1 year	108.35	101.67	97.32
Later than 1 year and not later than 5 years	406.86	410.64	397.98
Later than 5 years	672.47	777.04	865.82
	1,187.68	**1,289.35**	**1,361.12**

(Amounts in ₹ Million unless otherwise stated)

34 Employee benefit plans

34.1 Defined contribution plans

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

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Contribution to Provident Fund & Pension Scheme, included under contribution to provident and other funds.	38.03	31.07
Contribution to Employee State Insurance Scheme, included under staff welfare expenses	10.41	6.34
	48.44	**37.41**

34.2 Defined benefit plans

The Company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation as at		
	31-Mar-17	31-Mar-16	01-Apr-15
Discount rate(s)	6.20%	7.60%	7.80%
Expected rate(s) of salary increase	5%	5%	5%
Rate of return on plan assets	6%	8%	8%
Employee turnover rate	48.95%	54.96%	46.00%

Amounts recognised in standalone statement of profit and loss in respect of this defined benefit plan are as follows.

	31-Mar-17	31-Mar-16
Current service cost	8.88	10.56
Past service cost and (gain)/loss from settlements	0.00	0.00
Net interest expense	3.01	2.13
Components of defined benefit costs recognised in the Statement of profit and loss	**11.89**	**12.69**
Service cost recognised in employee benefits expense in Note 23	8.88	10.56
Net interest expense recognised in finance costs in Note 24	3.01	2.13
Remeasurement of the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	1.58	(0.64)
Actuarial (gains) / losses arising from experience adjustments	0.22	(0.94)
Remeasurement of plan assets	(0.01)	(0.07)
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability recognised in other comprehensive income	**1.79**	**(1.65)**

(Amounts in ₹ Million unless otherwise stated)

The amount included in the standalone balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	31-Mar-17	31-Mar-16	01-Apr-15
Present value of funded defined benefit obligation	47.88	40.35	32.91
Fair value of plan assets	0.77	0.71	0.59
Unfunded status	**47.11**	**39.64**	**32.32**
Restrictions on asset recognised	-	-	-
Net liability arising from defined benefit obligation	**47.11**	**39.64**	**32.32**

Movements in the present value of the defined benefit obligation are as follows.

	31-Mar-17	31-Mar-16
Opening defined benefit obligation	40.35	32.91
Current service cost	8.88	10.49
Interest cost	3.06	2.18
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in financial assumptions	1.58	(0.64)
Actuarial gains and losses arising from experience adjustments	0.22	(0.94)
Benefits paid	(6.21)	(3.65)
Closing defined benefit obligation	**47.88**	**40.35**

Movements in the fair value of the plan assets is as follows.

	Year ended 31-Mar-17	Year ended 31-Mar-16
Opening fair value of plan assets	0.71	0.59
Interest income	0.05	0.05
Remeasurement gain (loss):	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Remeasurements of plan assets	0.01	0.07
Contributions from the employer	-	-
Closing fair value of plan assets	**0.77**	**0.71**

The fair value of the plan assets at the end of the reporting period for each category, are as follows

	Fair value of plan assets as at		
	31-Mar-17	31-Mar-16	01-Apr-15
Corporate bonds	-	-	-
Equity mutual funds	-	-	-
Government securities	-	-	-
Insurer-managed funds	0.77	0.71	0.59
Total	**0.77**	**0.71**	**0.59**

The actual return on plan assets was ₹0.06 Million (for the year ended March 31, 2016: ₹ 0.12 Million).

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If discount rate increases (decreases) by 1%, the defined benefit obligation would decrease by ₹0.71 million (increase by ₹0.74 million) as at March, 2017

If salary growth rate increases (decreases) by 1%, the defined benefit obligation would increase by ₹0.90 million (decrease by ₹0.88 million) as at March, 2017

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the defined benefit obligation as at March 31, 2017 is 1.44 years (as at March 31, 2016 1.20 years)

Maturity profile of defined benefit obligation:

Particulars	As at		
	31-Mar-17	31-Mar-16	01-Apr-15
Within 1 year	23.17	11.43	15.44
1-2 year	12.72	7.97	9.36
2-3 year	7.43	5.22	6.24
3-4 year	4.34	3.02	4.36
4-5 year	2.51	1.70	3.23
5-10 year	2.79	2.21	5.40
>10 year	0.11	0.12	0.36

35 Share-based payments

Employee share option plan of the Company

(a) In the extraordinary general meeting held on 25 August, 2010, the shareholders had approved the issue of 1,800,000 options under the Scheme titled " Employee Stock Option Scheme 2010 (ESOP 2010). The ESOP 2010 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration committee grants the options to the employees deemed eligible. The exercise price of each option shall be at a price not less than the face value per share. The option holders may exercise those options vested based on passage of time commencing from the expiry of 4 years from the date of grant and those vested based on performance immediately after vesting, within the expiry of 10 years from the date of grant.

On 16 June, 2010, the Company granted options under said scheme for eligible personnel. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

In the extraordinary general meeting held on 31 March, 2015, the shareholders approved for accelerated vesting of options outstanding as at 31 March, 2015. Accordingly, all the options outstanding were vested in the hands of option holders as at 31 March, 2015. Further, the remaining options available for grant under ESOP 2010 were transferred to ESOP 2014 scheme.

(b) Pursuant to the shareholders' approval in the extraordinary general meeting held on 28 March, 2014 and 25 August, 2010, the Board of Directors formulated the Scheme titled "Employee Stock Option Scheme 2014" (ESOP 2014). The ESOP 2014 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration Committee grants the options to the employees deemed eligible. The Exercise Price shall be a price that is not less than the face value per share per option. Options Granted under ESOS 2014 would Vest not less than one year and not more than five years from the date of Grant of such Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated at the time of grant of options. The option holders may exercise those options vested within a period as specified which may range upto 10 years from the date of grant.

(Amounts in ₹ Million unless otherwise stated)

The Company granted 195,400 options to the eligible employees of the Company on 10 November, 2016. Also the Company granted 1,250,000 options to a Director of the Company on 1 April, 2014 and 110,100 options on 24 June, 2014 to the eligible employees out of which 637,000 options were exercised during the year. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

The grant date fair market value of the options granted through the stock option plan was measured based on Black Scholes method. Expected volatility is estimated by considering historic average share price volatility.

(c) The detail of fair market value and the exercise price is as given below:

Particulars	ESOP 2010	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	16-Jun-10	01-Apr-14	24-Jun-14	10-Nov-16	10-Nov-16
Fair market value of option at grant date (₹)	23.10	8.71	73.34	232.48	156.93
Fair market value of share at grant date (₹)	29.18	78.95	78.95	240.15	240.15
Exercise price (₹)	10.00	110.68	10.00	10.00	110.68

(d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: November 10, 2017 (ESOP 2014)			
	Vest 1 10 Nov 17	Vest 2 10 Nov 18	Vest 3 10 Nov 19	Vest 4 10 Nov 20
Variables	**10%**	**20%**	**30%**	**40%**
Risk Free Interest Rate	6.52%	6.73%	6.73%	6.70%
Expected Life	2.00	3.00	4.00	5.00
Expected Annual Volatility of Shares	28.98%	28.53%	30.45%	32.29%
Expected Dividend Yield	0.00%	0.00%	0.00%	0.00%

(e) Employee stock options details as on the Balance Sheet date are as follows:

Particulars	Year ended 31-Mar-17		Year ended 31-Mar-16	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOP 2010	10,127	10.00	10,69,194	10.00
- ESOP 2014	7,24,090	96.90	13,60,100	102.53
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	1,95,400	25.46	-	-
Vested during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	9,29,457	105.91
Exercised during the year:				
- ESOP 2010	-	-	10,59,067	10.00
- ESOP 2014	6,37,000	108.78	6,36,010	108.94
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	10,127	10.00	10,127	10.00
- ESOP 2014	2,82,490	20.69	7,24,090	96.90

* Options available for grant under ESOP 2014 Scheme are 2,675,306 (previous year 2,870,706)

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

(f) At March 31, 2017, executives and senior employees held options over 292,617 equity shares of the Company, of which options over 195,400 equity shares will expire on November 9, 2026, options over 87,090 equity shares will expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020. At March 31, 2016, executives and senior employees held options over 734,217 equity shares of the Company, of which options over 625,000 equity shares were due to expire on March 31, 2024, options over 99,090 equity shares were due to expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

36 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

Particulars	Carrying value as at			Fair value as at		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Financial assets						
Amortised cost						
Loans	132.19	92.09	83.58	132.19	92.09	83.58
Trade receivables	1,002.39	691.63	558.35	1,002.39	691.63	558.35
Cash and cash equivalents	739.41	504.61	106.16	739.41	504.61	106.16
Other financial assets	439.97	333.81	290.47	439.97	333.81	290.47
FVTPL						
Investments in mutual fund (quoted)	113.25	635.36	-	113.25	635.36	-
Investments in mutual fund (unquoted)	1.20	1.20	1.20	1.20	1.20	1.20
Total assets	**2,428.41**	**2,258.70**	**1,039.76**	**2,428.41**	**2,258.70**	**1,039.76**
Financial liabilities						
Amortised cost						
Loans and borrowings	1,933.11	1,937.82	2,964.79	1,933.11	1,937.82	2,964.79
Trade payables	1,133.91	972.85	747.51	1,133.91	972.85	747.51
Other financial liabilities	190.11	148.20	139.56	190.11	148.20	139.56
Total liabilities	**3,257.13**	**3,058.87**	**3,851.86**	**3,257.13**	**3,058.87**	**3,851.86**

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.

37 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Amounts in ₹ Million unless otherwise stated)

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2017, March 31, 2016 and April 1, 2015.

Quantitative disclosures fair value measurement hierarchy	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value as at March 31, 2017				
Investment in mutual funds (quoted)	113.25	113.25	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-
Financial assets measured at fair value as at March 31, 2016				
Investment in mutual funds (quoted)	635.36	635.36	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-
Financial assets measured at fair value as at April 1, 2015				
Investment in mutual funds (quoted)	-	-	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-

There have been no transfers among Level 1, Level 2 and Level 3 during each of the years presented above.

38 Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

a) Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the company does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 12.1 of the financial statements.

(Amounts in ₹ Million unless otherwise stated)

For trade receivables, provision is provided by the company as per the below mentioned policy:

Particulars	As at		
	31-Mar-17	31-Mar-16	01-Apr-15
Self paid/private patients- amount due for			
< 2 months	2%	2%	2%
>2 months	100%	100%	100%
Government			
0 - 6 months	9%	9%	9%
6 months - 1 year	17%	17%	17%
1 - 2 year	36%	36%	36%
2 - 3 year	57%	57%	57%
3 years and above	100%	100%	100%
TPAs (Third party Administrator)			
0 - 6 months	7%	7%	7%
6 months - 1 year	17%	17%	17%
More than 1 year	100%	100%	100%

The company's exposure to customers is diversified. No single customer contributes to more than 10% of the outstanding receivable and unbilled revenue as of March 31, 2017, March 31, 2016 and April 1, 2015.

Geographic concentration of credit risk: The company has a geographic concentration of trade receivables and unbilled revenue in India.

b) **Investments and cash deposits**

The company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Cash and cash equivalents	401.67	736.03	(186.55)
Investments in mutual funds (quoted)	113.25	635.36	-
Total	**514.92**	**1,371.39**	**(186.55)**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015:

Particulars	As at March 31, 2017				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	945.15	110.06	24.05	15.57	838.28
Trade payables	1,133.91	-	-	-	-
Other financial liabilities	174.68	5.58	5.58	4.27	-

(Amounts in ₹ Million unless otherwise stated)

Particulars	As at March 31, 2016				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	709.97	495.49	106.79	19.74	602.83
Trade payables	972.85	-	-	-	-
Other financial liabilities	127.18	5.58	5.58	5.58	4.28

Particulars	As at March 31, 2016				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	636.17	406.74	287.91	188.70	1,445.27
Trade payables	747.51	-	-	-	-
Other financial liabilities	114.34	5.58	5.58	5.58	8.48

Foreign currency risk

The Company's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have a significant impact on the financial performance of the Company. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

The following table presents unhedged foreign currency risk from financial instruments as of March 31, 2017, March 31, 2016 and April 1, 2015.

As at March 31, 2017 ₹in million

Particulars	US $	Pound Sterling	Total
Assets			
Cash and cash equivalents	5.07	-	5.07
Liabilities			
Borrowings	574.11	-	574.11
Payable on purchase of fixed assets	-	4.63	4.63
Net assets/liabilities	(569.04)	(4.63)	(573.67)

As at March 31, 2016 ₹in million

Particulars	US $	Pound Sterling	Total
Assets			
Cash and cash equivalents	19.25	-	19.25
Liabilities			
Borrowings	836.17	-	836.17
Net assets/liabilities	(816.92)	-	(816.92)

As at April 1, 2015 ₹in million

Particulars	US $	Pound Sterling	Total
Assets			
Cash and cash equivalents	22.24	-	22.24
Liabilities			
Borrowings	588.68	-	588.68
Net assets/liabilities	**(566.44)**	**-**	**(566.44)**

(Amounts in ₹ Million unless otherwise stated)

Every 5% increase or decrease of the respective foreign currencies compared to functional currency of the Company would not have any significant impact on the profits of the Company for the year ended March 31, 2017 and March 31, 2016, considering the Company's choice upon transition to Ind AS 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments. Such risks are overseen by the Company's corporate treasury department as well as senior management.

39 Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

The capital structure is as follows:

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Total equity attributable to the equity share holders of the company	5,520.80	5,199.70	2,691.09
As percentage of total capital	82%	78%	48%
Current loans and borrowings	945.15	709.97	636.17
Non-current loans and borrowings	987.96	1,227.85	2,328.62
Total loans and borrowings	1,933.11	1,937.82	2,964.79
Cash and cash equivalents	739.41	504.61	106.16
Net loans & borrowings	1,193.70	1,433.21	2,858.63
As a percentage of total capital	18%	22%	52%
Total capital (loans and borrowings and equity)	**6,714.50**	**6,632.91**	**5,549.72**

Note 40 Related Party Disclosure

A. Details of related parties:

Description of relationship	Names of related parties
Subsidiary companies & LLPs	Malnad Hospital and Institute of Oncology Private Limited
	HealthCare Global Senthil-Multi Specialty Hospital Private Limited
	HCG Medi-surge Hospitals Private Limited
	Niruja Product Development and Research Private Limited *(formerly MIMS HCG Oncology Private Limited)*
	BACC HealthCare Private Limited
	DKR HealthCare Private Limited
	HCG Pinnacle Oncology Private Limited
	Healthcare Global (Uganda) Private Limited
	Healthcare Global (Tanzania) Private Limited
	Healthcare Global (Kenya) Private Limited
	HCG Regency Oncology HealthCare Private Limited
	HealthCare Diwan Chand Imaging LLP
	APEX HCG Oncology Hospitals LLP
	HCG Oncology LLP
	HCG Manavata Oncology LLP
	HCG NCHRI Oncology LLP
	HCG EKO Oncology LLP
	HCG (Mauritius) Private Limited
	Healthcare Global (Africa) Private Limited

(Amounts in ₹ Million unless otherwise stated)

Description of relationship	Names of related parties
Key Management Personnel (KMP)	**Whole-time director**
	Dr. B S Ajaikumar, Chairman
	Non-executive directors
	Gangadhara Ganapati
	Shanker Annaswamy
	Sampath T Ramesh
	Sudhakar Rao
	Suresh C Senapaty
	Bhushani Kumar
	Dr.B S Ramesh (From 10 November 2016)
	Dr. Amit Varma (From 10 November 2016)
Relatives of KMP	Ms.Anjali Ajaikumar (Daughter of Dr B S Ajaikumar)
Company in which KMP / Relatives of KMP can exercise significant influence	JSS Bharath Charitable Trust
	Bharath Hospital and Institute of Oncology
	Sada Sarada Tumor & Research Institute
	B.C.C.H.I Trust
	HCG Foundation
	Gutti Malnad LLP
	Health Care Process Solutions (India) Private Limited

B **Details of related party transactions during the year.**

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Sale of pharmacy products and consumables		
- Malnad Hospital and Institute of Oncology Private Limited	8.10	7.78
- HCG Medi-surge Hospitals Private Limited	118.53	113.23
- HCG TVH Medical Imaging Private Limited	-	2.07
- Healthcare Diwan Chand Imaging LLP	0.04	0.09
- Sada Sarada Tumor & Research Institute	47.10	46.34
- HCG Oncology LLP	23.19	-
- HCG Pinnacle Oncology Private Limited	34.94	2.17
- HCG Regency Oncology Healthcare Private Limited	0.30	-
- HCG NCHRI Oncology LLP	0.05	-
Income from Medical services		
- JSS Bharath Charitable Trust	10.01	12.24
- HCG Foundation	3.34	5.09
- HCG Medi-surge Hospitals Private Limited	19.09	1.35
- Malnad Hospital and Institute of Oncology Private Limited	0.71	0.91
- BACC Healthcare Private Limited	1.47	0.16
- Sada Sarada Tumor & Research Institute	7.47	6.00
- HCG Oncology LLP	0.37	-
- HCG Pinnacle Oncology Private Limited	1.48	-

(Amounts in ₹ Million unless otherwise stated)

	Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
	Rent charges		
-	Sada Sarada Tumor & Research Institute	0.54	0.47
	Diagnostic charges		
-	Healthcare Diwan Chand Imaging LLP	12.02	22.97
	Interest income received		
-	Malnad Hospital and Institute of Oncology Private Limited	-	0.11
-	HCG Medi-surge Hospitals Private Limited	1.31	3.29
-	Niruja Product Development and Research Private Limited	0.11	0.10
-	HCG Pinnacle Oncology Private Limited	5.55	1.79
-	HCG TVH Medical Imaging Private Limited	-	-
	Branding & marketing income		
-	HCG Pinnacle Oncology Private Limited	0.30	0.70
	Loans / Advances given		
-	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	-	0.55
-	HCG TVH Medical Imaging Private Limited	-	0.14
-	Niruja Product Development and Research Private Limited	0.15	0.13
-	HCG Medi-surge Hospitals Private Limited	5.75	20.23
-	Malnad Hospital and Institute of Oncology Private Limited	12.61	0.20
-	Healthcare Global (Kenya) Private Limited	5.86	0.85
-	Healthcare Global (Tanzania) Private Limited	1.77	1.87
-	HCG Pinnacle Oncology Private Limited	54.51	33.94
-	BACC Healthcare Private Limited	2.82	0.73
-	HCG Foundation	-	-
-	HCG (Mauritius) Private Limited	-	0.62
-	Healthcare Global (Africa) Private Limited	0.42	0.62
-	Healthcare Diwan Chand Imaging LLP	2.49	-
-	HCG Oncology LLP	37.16	-
-	HCG NCHRI Oncology LLP	0.16	-
-	Healthcare Global (Uganda) Private Limited	0.44	-
	Loans / advances received		
-	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	4.49	-
-	Malnad Hospital and Institute of Oncology Private Limited	0.30	1.00
-	HCG Medi-surge Hospitals Private Limited	18.52	40.33
-	HCG TVH Medical Imaging Private Limited	-	-
-	HCG Foundation	0.96	1.47
-	Healthcare Global (Kenya) Private Limited	0.85	-
-	HCG Pinnacle Oncology Private Limited	-	5.40
-	Healthcare Global (Tanzania) Private Limited	2.58	-
-	Healthcare Global (Uganda) Private Limited	0.24	-
	Security deposit received		
-	Sada Sarada Tumor & Research Institute	1.10	1.50

(Amounts in ₹ Million unless otherwise stated)

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Investment made during the year in		
- Healthcare Diwan Chand Imaging LLP	0.57	0.13
- APEX HCG Oncology Hospitals LLP	37.82	5.11
- HCG Regency Oncology Healthcare Private Limited	57.50	24.50
- Healthcare Global (Kenya) Private Limited	-	1.26
- Healthcare Global (Tanzania) Private Limited	-	-
- Malnad Hospital and Institute of Oncology Private Limited	-	-
- HCG (Mauritius) Private Limited	13.01	11.16
- HCG Oncology LLP	18.86	66.80
- HCG EKO Oncology LLP	2.50	-
- HCG Manavata Oncology LLP	227.75	-
- HCG NCHRI Oncology LLP	31.89	-
- Healthcare Global (Kenya) Private Limited	-	4.62
- Healthcare Global (Tanzania) Private Limited	-	0.08
- Healthcare Global (Uganda) Private Limited	-	2.89
- **Withdrawal of Capital in Limited Liability Partnership**		
- HCG Oncology LLP	-	11.49
- **Short term employee benefits to**		
- Dr. B S Ajaikumar (Refer note 41)	27.98	24.30
- Ms. Anjali Ajaikumar	0.39	-
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.		
Professional charges		
- Dr. B S Ramesh	3.20	-
Expenditure on grant of ESOPs		
- Gangadhara Ganapati	0.91	2.28
Sitting fees to Directors		
- Shanker Annaswamy	1.05	0.85
- Sampath T Ramesh	0.65	0.75
- Sudhakar Rao	0.70	0.80
- Suresh C Senapaty	0.85	0.85
- Bhushani Kumar	0.25	0.60
Proceeds from allotment of shares to		
- Dr. B S Ajaikumar	-	106.62
- Gangadhara Ganapati (Pursuant to ESOP scheme 2014)	69.18	-

Notes to the Standalone financial statements

(Amounts in ₹ Million unless otherwise stated)

C Details of related party balances outstanding:

	Balances outstanding as at	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-15
	Trade receivables			
-	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	0.32	0.32	0.32
-	HCG Medi-surge Hospitals Private Limited	64.78	33.27	39.50
-	Malnad Hospital and Institute of Oncology Private Limited	7.14	6.04	5.51
-	BACC Healthcare Private Limited	0.13	0.09	0.04
-	JSS Bharath Charitable Trust	3.47	4.01	5.73
-	Sada Sarada Tumor & Research Institute	32.63	24.20	39.50
-	HCG Pinnacle Oncology Private Limited	39.79	3.00	-
-	HCG Oncology LLP	15.55	-	-
-	HCG Foundation	13.48	15.79	16.01
-	HCG TVH Medical Imaging Private Limited	-	-	7.18
-	B.C.C.H.I. Trust	0.25	0.25	-
	Interest receivable on loan			
-	Malnad Hospital and Institute of Oncology Private Limited	0.30	0.30	0.21
-	HCG TVH Medical Imaging Private Limited	-	-	3.34
-	HCG Medi-surge Hospitals Private Limited	6.83	11.92	9.27
-	Niruja Product Development and Research Private Limited	0.29	0.18	0.08
-	HCG Pinnacle Oncology Private Limited	7.11	1.66	0.05
	Other Financial Assets - Current			
-	HCG Medi-surge Hospitals Private Limited	6.31	0.56	0.56
-	Malnad Hospital and Institute of Oncology Private Limited	22.87	10.56	6.72
-	BACC Healthcare Private Limited	3.65	0.84	0.10
-	HCG Oncology LLP	37.16	-	-
-	HCG NCHRI Oncology LLP	0.16	-	-
-	HCG (Mauritius) Private Limited	0.59	0.62	-
-	Healthcare Diwan Chand Imaging LLP	2.49	-	-
-	Healthcare Global (Africa) Private Limited	1.04	0.62	-
-	Healthcare Global (Kenya) Private Limited	5.86	0.85	1.26
-	Healthcare Global (Tanzania) Private Limited	1.77	2.58	0.71
-	Healthcare Global (Uganda) Private Limited	0.44	0.24	0.24
-	HCG Foundation	0.04	1.00	2.47
	Other Financial Liabilities - Current			
-	HCG Pinnacle Oncology Private Limited	15.05	-	-
	Loans			
-	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited (net of provision for doubtful loans 30.38)	-	4.50	3.95
-	Niruja Product Development and Research Private Limited	1.06	0.91	0.78
-	HCG TVH Medical Imaging Private Limited	-	-	9.58
-	Malnad Hospital and Institute of Oncology Private Limited	-	-	1.11
-	HCG Pinnacle Oncology Private Limited	83.42	28.99	0.45
-	HCG Medi-surge Hospitals Private Limited	-	18.52	38.61

(Amounts in ₹ Million unless otherwise stated)

	Balances outstanding as at	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-15
	Security deposits (refundable) with			
-	Sada Sarada Tumor & Research Institute	0.50	1.60	3.10
	Trade Payables			
-	Dr. B S Ajaikumar	10.56	10.55	14.80
-	Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	-	0.04	0.04
-	BACC Healthcare Private Limited	0.10	0.17	0.40
-	Healthcare Diwan Chand Imaging LLP	10.82	6.00	0.37
-	Malnad Hospital and Institute of Oncology Private Limited	0.04	0.04	-
-	HCG Foundation	-	-	-
	Corporate guarantees given on behalf of:			
-	HCG Medi-surge Hospitals Private Limited	303.50	292.00	147.56
-	BACC Healthcare Private Limited	46.77	18.10	33.70
-	HCG Pinnacle Oncology Private Limited	31.97	10.90	-
-	HCG Oncology LLP	124.00	66.50	-
-	HCG Regency Oncology Healthcare Private Limited	345.37	-	-
-	HCG NCHRI Oncology LLP	49.90	-	-
-	Apex HCG Oncology Hospitals LLP	85.50	-	-

41 Managerial remuneration for the year ended March 31, 2017:

Dr. B.S. Ajaikumar was re-appointed as the Chairman & CEO of the Company for a period of 4 years with effect from July 1, 2015. In terms of the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, the maximum amount of remuneration payable to the Chairman & CEO of the Company for the year ended March 31, 2017 amounts to ₹ 24.37 Million (of which, ₹ 17.42 Million has been paid during the year then ended). Based on the approval of the Nomination and Remuneration Committee of the Company, the Board of Directors have proposed and accrued an additional remuneration of ₹ 3.61 Million to the Chairman & CEO of the Company in excess of the limits specified under the Companies Act, 2013, which is subject to the approval of the Central Government, for which the Company is in the process of filing the necessary application. This additional remuneration will be paid on receipt of the approval from the Central Government.

42 Transfer of cancer care center business of the Company in Nashik to its subsidiary - HCG Manavata Oncology LLP

Pursuant to the Business Transfer Agreement dated March 14, 2017, all business and commercial rights related to the Cancer Center operated by the Company from Nashik, has been transferred to its subsidiary, HCG Manavata Oncology LLP, as a going concern. Details of assets and liabilities of the Company which were transferred to HCG Manavata Oncology LLP in consideration of the Company's investment in HCG Manavata Oncology LLP are given below:

Particulars	₹ in Million	₹ in Million
Non-current assets	78.89	
Current assets	38.00	
Total assets		116.89
Non-current liabilities	-	
Current liabilities	28.27	
Total liabilities		28.27
Net assets transferred		88.62
Investment in HCG Manavata Oncology LLP pursuant to the above transfer		88.62

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEALTHCARE GLOBAL ENTERPRISES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HealthCare Global Enterprises Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated financial statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of 11 subsidiaries, whose financial statements reflect total assets of ₹ 2,398.10 Million as at March 31, 2017, total revenues of ₹ 278.70 Million and net cash inflows amounting to ₹ 24.05 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiary companies incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the Parent and the subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Parent and its subsidiary companies incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

   iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed, the report of the other auditors and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

BENGALURU
May 24, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of HealthCare Global Enterprises Limited (hereinafter referred to as "Parent") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Parent, which includes internal financial controls over financial reporting of its subsidiary companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 3 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

V. Balaji
Partner
(Membership No. 203685)

BENGALURU
May 24, 2017

Consolidated Balance Sheet

₹ in Million

CONSOLIDATED BALANCE SHEET AS AT	Note No.	31-Mar-17	31-Mar-16	01-Apr-15
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	5	6,170.07	5,193.87	4,413.01
(b) Capital work-in-progress	5	1,482.26	1,208.58	423.09
(c) Goodwill	7	608.88	608.88	734.45
(d) Other Intangible assets	6	68.07	26.88	33.78
(e) Financial Assets				
(i) Investments	8	39.54	36.32	1.20
(ii) Loans	9	29.30	22.16	22.16
(iii) Other financial assets	10	478.57	309.51	289.32
(f) Deferred tax assets (Net)	30.3	167.09	164.31	105.69
(g) Current Tax assets (Net)	30.4	261.33	302.20	231.41
(h) Other non-current assets	11	517.53	289.81	191.48
Total Non - Current Assets		**9,822.64**	**8,162.52**	**6,445.59**
Current assets				
(a) Inventories	12	187.69	133.50	145.53
(b) Financial assets				
(i) Investments	8	74.91	600.25	-
(ii) Trade receivables	13	1,032.20	695.42	552.65
(iii) Cash and cash equivalents	14	852.22	576.07	247.53
(iv) Loans	9	20.20	18.88	8.52
(v) Other financial assets	10	138.52	150.76	106.60
(c) Other current assets	11	136.03	98.64	71.76
Total current assets		**2,441.77**	**2,273.52**	**1,132.59**
Total assets		**12,264.41**	**10,436.04**	**7,578.18**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	857.13	850.76	699.84
(b) Other equity	16	3,469.47	3,407.48	1,122.42
Equity attributable to owners of the Company		**4,326.60**	**4,258.24**	**1,822.26**
Non-controlling interests	17	574.62	326.90	252.77
Total Equity		**4,901.22**	**4,585.14**	**2,075.03**
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	2,833.82	2,458.34	2,658.93
(ii) Other financial liabilities	19	801.18	728.91	972.11
(b) Provisions	20	30.46	28.95	22.64
(c) Deferred tax liabilities (Net)	30	11.70	6.44	5.04
Total Non - Current Liabilities		**3,677.16**	**3,222.64**	**3,658.72**
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	416.29	371.80	292.71
(ii) Trade payables	21	1,410.44	1,084.22	832.64
(iii) Other financial liabilities	19	1,567.33	917.40	524.74
(b) Other current liabilities	22	228.66	216.72	159.61
(c) Provisions	20	49.40	38.12	34.23
(d) Current tax liabilities	30.5	13.91	-	0.50
Total Current Liabilities		**3,686.03**	**2,628.26**	**1,844.43**
Total Liabilities		**7,363.19**	**5,850.90**	**5,503.15**
Total Equity and Liabilities		**12,264.41**	**10,436.04**	**7,578.18**
See accompanying notes to the consolidated financial statements				

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Consolidated Statement of Profit & Loss

₹ in Million

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED			Note No.	31-Mar-17	31-Mar-16
I	Revenue from Operations		23	7,001.11	5,841.73
II	Other Income		24	96.71	39.92
III	**Total Income (I+II)**			**7,097.82**	**5,881.65**
IV	Expenses				
	Purchases of Stock-in-trade			1,759.17	1,491.33
	Changes in inventory of stock-in-trade			(50.06)	8.91
	Employee benefit expense		25	1,219.25	1,005.33
	Finance costs		26	229.98	383.32
	Depreciation and amortisation expense		27	568.25	440.76
	Other expenses		28	3,022.80	2,488.57
	Total expenses (IV)			**6,749.39**	**5,818.22**
V	**Profit/loss before exceptional items and tax (III-IV)**			**348.43**	**63.43**
VI	Exceptional Items		29	-	60.69
VII	**Profit before tax (V-VI)**			**348.43**	**2.74**
VIII	**Tax expense**				
	(1)	Current tax	30.1	115.23	37.80
	(2)	Deferred tax	30.1	2.77	(57.45)
				118.00	**(19.65)**
IX	**Profit for the year (VII-VIII)**			**230.43**	**22.39**
X	**Other Comprehensive Income / (Losses)**				
	(i)	Items that will not be reclassified to Statement of profit and loss			
	(a)	Remeasurements of the defined benefit liabilities / (asset)	36.2	(1.03)	0.31
	(b)	Income tax on the above	30.2	0.39	(0.13)
	(ii)	Items that will be reclassified to Statement of profit and loss			
	(a)	Exchange differences on translation of financial statements of foreign operations		0.32	(0.06)
				(0.32)	**0.12**
XI	**Total comprehensive income for the year (IX+X)**			**230.11**	**22.51**
	Profit / (loss) for the year attributable to:				
	Owners of the Company			221.73	(14.61)
	Non controlling interests			8.70	37.00
				230.43	**22.39**
	Other comprehensive income / (Losses) for the year attributable to:				
	Owners of the Company			(0.41)	0.04
	Non controlling interests			0.09	0.08
				(0.32)	**0.12**
	Total comprehensive income / (Losses) for the year attributable to:				
	Owners of the Company			221.32	(14.57)
	Non controlling interests			8.79	37.08
				230.11	**22.51**
	Earnings per equity share :				
	Basic (in ₹)		33.1	2.69	(2.43)
	Diluted (in ₹)		33.2	2.69	(2.43)
See accompanying notes to the consolidated financial statements					

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Statement of Changes in Equity for the years ended March 31, 2017 and 2016

a. Equity share capital

₹ in Million

Balance as at April 1, 2015		**699.84**
Changes in equity share capital during the year		
(a)	Issue of equity shares through initial public offer	116.00
(b)	Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014	16.95
(c)	Issue of equity shares pursuant to exercise of share warrants	9.50
(d)	Issue of equity shares pursuant to merger	8.47
	Balance as at March 31, 2016	**850.76**
Changes in equity share capital during the year		
(a)	Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014	6.37
Balance as at March 31, 2017		**857.13**

b. Other Equity

₹ in Million

Shares pending allotment	Reserves and Surplus	Capital reserve	Securities premium	Share options outstanding account	Retained earnings	Items of other comprehensive income		Total other equity
						Foreign currency translation reserve	Remeasurements of the defined benefit liabilities / (asset)	
Balance as at April 01, 2015	**8.47**	**5.60**	**2,430.20**	**34.37**	**(1,355.96)**	**(0.26)**	**-**	**1,122.42**
Profit/loss for the year	-	-	-	-	(14.61)	-	-	(14.61)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(0.06)	0.04	(0.02)
Total comprehensive income	-	-	-	-	(14.61)	(0.06)	0.04	(14.63)
Premium received on shares issued during the year	-	-	2,570.26	-	-	-	-	2,570.26
Share issue expenses	-	-	(163.33)	-	-	-	-	(163.33)
Transferred to Securities premium account on exercise of ESOPs	-	-	30.72	(30.72)	-	-	-	-
Deferred stock compensation expense for the year	-	-	-	5.39	-	-	-	5.39
Shares allotted during the year	(8.47)	-	-	-	-	-	-	(8.47)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (Refer note 16.6)	-	-	-	-	(104.16)	-	-	(104.16)
Balance as at March 31, 2016	**-**	**5.60**	**4,867.85**	**9.04**	**(1,474.73)**	**(0.32)**	**0.04**	**3,407.48**
Profit/loss for the year	-	-	-	-	221.73	-	-	221.73
Other comprehensive income for the year (net of tax)	-	-	-	-	-	0.32	(0.41)	(0.09)
Total comprehensive income	**-**	**-**	**-**	**-**	**221.73**	**0.32**	**(0.41)**	**221.64**
Premium received on shares issued during year	-	-	62.93	-	-	-	-	62.93
Unspent amount of share issue expenses credited during the year (Refer note 16.1)	-	-	8.34	-	-	-	-	8.34
Transferred to Securities premium account on exercise of ESOPs	-	-	6.32	(6.32)	-	-	-	-
Deferred stock compensation expense for the year	-	-	-	9.45	-	-	-	9.45
Change in fair value of gross obligations over written put options issued to the non-controlling interests (Refer note 16.6)	-	-	-	-	(115.61)	-	-	(115.61)
Change in ownership in subsidiaries (without loss of control)	-	-	-	-	(124.76)	-	-	(124.76)
Balance as at March 31, 2017	**-**	**5.60**	**4,945.44**	**12.17**	**(1,493.37)**	**-**	**(0.37)**	**3,469.47**

See accompanying notes to the consolidated financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Consolidated Cash Flow Statement

₹ in Million

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-17	31-Mar-16
Cash flows from operating activities		
Profit before tax for the year	348.43	2.74
Adjustments for:		
Finance costs recognised in the Statement of profit and loss	200.11	365.37
Investment income recognised in the Statement of profit and loss	(65.57)	(23.97)
Loss on disposal of property, plant and equipment	0.60	16.09
Provision for bad & doubtful trade receivables and advances	33.18	32.37
Depreciation and amortisation of non-current assets	568.25	446.25
Liabilities / provisions no longer required written back	(0.29)	(0.87)
Loss on disposal of investments in subsidiary	-	16.41
Expense recognised in respect of equity-settled share-based payments	9.45	5.39
Movements in working capital:		
(Increase) / decrease in trade and other receivables	(369.96)	(176.87)
(Increase) / decrease in inventories	(54.19)	11.57
(Increase) / decrease in other assets	(56.06)	(99.88)
Increase / (decrease) in trade and other payables	334.85	176.80
Increase / (decrease) in provisions	12.79	11.60
Increase / (decrease) in other liabilities	11.94	57.66
Cash generated from operations	**973.53**	**840.66**
Income taxes paid (net of refunds)	(60.74)	(108.69)
Net cash generated by operating activities	**912.79**	**731.97**
Cash flows from investing activities		
Payments for property, plant and equipment	(1,926.63)	(2,102.72)
Proceeds from disposal of property, plant and equipment	3.26	4.34
Payments to acquire financial assets	(158.50)	(56.22)
Deposits realised from margin money	-	22.16
Deposits placed for margin money	(65.63)	(38.53)
Interest received	36.77	22.51
Inter-corporate deposits paid	(25.00)	-
Inter-corporate deposits received	17.86	
Investments in mutual funds	-	(35.00)
Gain from sale of mutual funds	19.62	-
Amounts advanced to related parties	(0.70)	(0.23)
Amounts repaid by related parties	0.96	1.47
Received on closure of a unit	-	131.00
Settlement amount received on sale of shares in HCG TVH (Refer note 29.2)	-	15.51
Net cash (used in) investing activities	**(2,097.99)**	**(2,035.71)**

Consolidated Cash Flow Statement

₹ in Million

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-17	31-Mar-16
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	69.30	2,712.71
Amount received from minority shareholders in the subsidiaries	114.17	67.70
Payment for share issue costs	-	(77.22)
Proceeds from borrowings *	1,341.90	2,035.92
Repayment of borrowings	(420.57)	(2,222.03)
Interest paid	(213.28)	(361.17)
* Includes ₹215.93 million (FY 16 ₹138.49 million) of term loans drawn from banks towards settlement of deferred payment obligations		
Net cash used generated by financing activities	**891.52**	**2,155.91**
Net increase in cash and cash equivalents	**(293.68)**	**852.17**
Cash and cash equivalents at the beginning of the year	**804.52**	**(45.18)**
Cash and bank balances on sale of a subsidiary during the year (Refer Note 29.2)	-	(2.47)
Cash and cash equivalents at the end of the year	**510.84**	**804.52**
See accompanying notes to the consolidated financial statements		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

V. Balaji
Partner

Place : Bengaluru
Date : May 24, 2017

For and on behalf of the Board of Directors

Dr. B.S. Ajaikumar
Chairman and CEO

Gangadhara Ganapati
Director

Yogesh Patel
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : May 24, 2017

Notes to the Consolidated financial statements

1 General Information

HealthCare Global Enterprises Limited ('the Company') and its subsidiaries (collectively referred to as "the Group") is engaged in setting up and managing hospitals and medical diagnostic services including scientific testing and consultancy services in the pharmaceutical and medical sector. The Company is a public company incorporated and domiciled in India and has its registered office at #8, P. Kalinga Rao Road, Sampangi Ram Nagar, Bengaluru – 560 027.

The consolidated financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 24, 2017.

2 Significant accounting policies

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the then applicable Accounting Standards in India ('previous GAAP'). These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3 for the explanations of transition to Ind AS including the details of first-time adoption exemptions availed by the Group.

2.2 Basis of preparation and presentation

The consolidated 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 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are recognised in the Statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

Business combinations arising from transfer of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2.5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors of the Company 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.

2.5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

a) Control over subsidiaries

The following entities are considered subsidiaries of the Group even though the Group and non-controlling interests have about 50% of the ownership interest and the voting rights in such entities:

	Name of the entities	Proportion of ownership interest and voting power held by the Group		
		31-Mar-17	31-Mar-16	01-Apr-15
1	BACC Healthcare Private Limited	50.10%	50.10%	50.10%
2	HCG Pinnacle Oncology Private Limited	50.10%	50.10%	50.10%
3	APEX HCG Oncology Hospitals LLP	50.01%	50.01%	50.01%
4	HCG Regency Oncology Healthcare Private Limited	51.00%	50.10%	50.10%
5	DKR Healthcare Private Limited (formerly Parenthood Healthcare Private Limited)	50.10%	50.10%	50.10%
6	HCG Manavata Oncology LLP	51.00%	NA	NA
7	HCG EKO Oncology LLP	50.50%	NA	NA

The directors of the Company assessed whether or not the Group has control over the above mentioned entities based on whether the Group has the practical ability to direct the relevant activities of such entities unilaterally. Based on such assessment, the directors concluded that the Group has sufficient management rights to unilaterally direct the relevant activities of such entities and therefore the Group has control.

b) **Subsequent measurement of gross obligations over written put options issued to the non-controlling interests:**

The Company has issued written put options to the non-controlling interests of certain subsidiaries in accordance with the terms of underlying shareholders agreement. In respect of accounting for subsequent measurement of gross obligation on such written put options issued by the Company, the Group has elected an accounting policy choice to recognise changes on subsequent measurement of the liability in shareholders' equity, in the absence of any mandatorily applicable accounting guidance under Ind AS.

2.5.2 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) **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b) **Useful lives of property, plant and equipment**

The Group 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) **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 group 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.

e) **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.

f) **Share-based Compensation to Employees**

The Company has granted share-based payment plans to its employees. Valuation models are used to calculate the expense for such share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour.

g) **Provisions and contingent liabilities**

A provision is recognised when the group 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.

2.6 Revenue recognition

2.6.1 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.

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.

2.6.2 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.

2.6.3 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

2.7 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.

Assets held under finance leases are initially capitalised as assets of the Group 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 consolidated 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.

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.

Notes to the Consolidated financial statements

2.8 Foreign currencies

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and 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 on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to statement of profit and loss on repayment of the monetary items.
- exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Group 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 Group's choice of availing the exemption as permitted by Ind AS 101.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to statement of profit and loss.

2.9 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.

2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group 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 Group with no future related costs are recognised in statement of profit and loss in the period in which they become receivable.

2.11 Employee benefits

2.11.1 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 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 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 interest expense is recognised in the line item 'Finance costs'.

2.11.2 Defined contribution plan

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

2.11.3 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.

2.12 Share-based payment arrangements

Employees of the Company receive remuneration in the form of equity instruments, for rendering services over a defined vesting period. Equity instruments granted is measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of respective tranches (accelerated amortization). The expense is recognised in the Statement of Profit and loss with a corresponding increase to the Share options outstanding account, a component of equity. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

2.13 Taxation

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

2.13.1 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 consolidated 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.13.3 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.14 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 Group'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 statement of profit and loss.

For transition to Ind AS, the Group has elected to adopt the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

2.15 Intangible assets

2.15.1 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.

2.15.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.15.3 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 statement of profit and loss when the asset is derecognised.

2.15.4 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software and data processing software	6 years
Software used in plant and machinery	13 years
Goodwill*	15 years

* The Company entered into Operation Agreement (OA) dated May 11, 2012 with Dr. Balabhai Nanavati Hospital (BNH), a public charitable trust to operate and manage the Oncology Department in BNH. The OA was valid for a period of 15 years comprising of an initial term of 8 years which shall be automatically renewed for a additional term of 7 years. As per the terms and conditions mentioned in the OA, the Company paid a sum of ₹ 150 Million to BNH as non-refundable deposit and incurred ₹ 5 Million towards cost of entering into OA with BNH. Such non-refundable deposit paid to BNH including cost of entering into such OA, was considered as Goodwill and the same was amortised over a period of 15 years, being the contractual period of the OA. During the year ended March 31, 2016, the Company closed down the operations in BNH. Refer Note 29.1 for further details.

2.15.5 Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.16 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out 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 VAT wherever applicable applying FIFO method.

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

Notes to the Consolidated financial statements

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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).

2.18 Financial instruments

Financial assets and financial liabilities are recognised when a group entity 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 statement of profit and loss.

Cash and cash equivalents

The Group 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 is measured at amortised cost 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 and loss.

Financial liabilities

a) Gross obligation over written put options issued to the non-controlling interests:

The Company has issued written put option to non-controlling interests in certain subsidiaries of the Group in accordance with the terms of underlying shareholders agreement. Should the option be exercised, the Company has to settle such liability by payment of cash.

Accounting on initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy to recognise changes on subsequent measurement of the liability in shareholders' equity.

b) Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest rate method.

2.19 Impairment

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

The Group assesses at each date of balance sheet, whether a financial asset or a group of financial assets are impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contractual 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 life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(ii) **Non-financial assets**

(a) Tangible and Intangible assets

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverabililty 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.

(b) Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.20 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 Group has prepared the opening consolidated balance sheet as per Ind AS as of April 1, 2015 (the transition date) 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 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 Group as detailed below.

a) **Past business combinations**

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015.

b) **Deemed cost for property, plant and equipment, and intangible assets**

The Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except in respect of buildings under finance lease recognised in previous GAAP, to the extent it included lease component of land.

c) **Determining whether an arrangement contains a lease**

The Group has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement contains a lease on the basis of facts and circumstances existing at the transition date.

The Group has composite leases of land and building. The classification of each component i.e. land and building as finance lease or operating lease at the date of transition to Ind AS is done based on the facts and circumstances existing as at that date.

d) **Exchange difference on long-term foreign currency monetary items:**

The Group 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.

4 **The reconciliations between previous GAAP and Ind AS, and explanations for the significant differences on account of transition to Ind AS are explained below:**

(i) **Equity reconciliation** ₹ in Million

Particulars	Notes	As at 31-Mar-16	As at 01-Apr-15
Total equity under Previous GAAP attributable to:			
Equity holders of the Company		5,361.80	2,794.92
Non-controlling interest		332.26	252.95
Ind AS adjustments:			
Provision for expected credit loss on trade receivables	a	(94.00)	(85.30)
Effect of amortised cost of financial liabilities	b	(3.45)	20.20
Effect of change in classification of leased land	c	41.10	33.23
Others		(30.36)	(7.83)
Deferred tax adjustments on the above (Net)		28.83	13.74
Liability towards written put option to non-controlling interest	d	(1,051.04)	(946.88)
Total equity under Ind AS attributable to:		**4,585.14**	**2,075.03**
Equity holders of the Company		4,258.24	1,822.26
Non-controlling interest		326.90	252.77

(ii) **Total comprehensive income reconciliation** ₹ in Million

Particulars	Notes	Year ended 31-Mar-16
Net profit under Previous GAAP		
Equity holders of the Company		12.20
Non-controlling interest		42.13
Net profit under previous GAAP (before share of non-controlling interest)		**54.33**
Ind AS adjustments:		
Provision for expected credit loss on trade receivables	a	(8.70)
Effect of amortised cost of financial liabilities	b	(23.65)
Effect of change in classification of leased land	c	7.87
Actuarial gains/ losses recognised on other comprehensive income	e	(0.31)
Others		(22.53)
Deferred tax adjustments on the above (Net)		15.38
Net profit / (loss) under Ind AS (before share of non-controlling interest)		**22.39**
Other comprehensive income under Ind AS		
Actuarial gains/ losses	e	0.31
Deferred tax adjustments on the above (Net)	e	(0.13)
Exchange differences on translation of financial statements of foreign operations		(0.06)
Total comprehensive income / (loss) under Ind AS		**22.51**
Net Profit/loss for the period attributed to:		
Equity holders of the Company		(14.61)
Non-controlling interest		37.00
Total comprehensive income / (loss) for the period attributed to:		
Equity holders of the Company		(14.57)
Non-controlling interest		37.08

Notes to equity reconciliation and total comprehensive income reconciliation:

a) Provision for bad and doubtful receivables under the previous GAAP was based on 'incurred loss' model where provision was recognised based on the occurrence of credit loss event as against the 'expected credit loss' model under Ind AS wherein lifetime expected losses are recognised when such financial instruments (trade receivables) are first originated on the basis of relevant information about past events, including historical credit loss events for similar financial instruments, current conditions and reasonable and supportable forecasts. Based on the estimates, additional provision of ₹ 85.30 Million was recognised against for impairment of trade receivables as at transition date, with a corresponding charge recognised in the equity. For the year ended March 31, 2016, additional provision of ₹ 8.70 Million has been recognised for such impairment in the Consolidated Statement of Profit and Loss.

b) Under previous GAAP, deferred payment obligations on purchase of medical equipment were recognised at the amounts required to settle the obligation at the balance sheet date. Under Ind AS, such financial liabilities are carried at amortised cost based on the market rate applicable for such loans using the effective interest rate method. As a result of discounting such financial liability as at the transition date, the difference between the financial liability at amortised cost under Ind AS and the carrying value of such liability under previous GAAP has been recognised in retained earnings. For the year ended March 31, 2016, the finance cost has increased by ₹ 23.65 million due to accrual of interest on such financial liability using effective interest rate method.

c) The Group has composite lease arrangements of land and buildings for its Hospitals. Under previous GAAP, these leases were considered finance leases. Under Ind AS, the land portion of such leases is treated as operating lease and the building portion continue to be treated as finance lease. On transition date, the effect of this change has resulted in de-recognition of finance lease liability for an amount of ₹ 137.15 Million (including interest accrued but not due on finance lease ₹13.94 Million) and finance lease asset for an amount of ₹ 103.92 Million and the differential amount is recognised in retained earnings. For the year ended March 31, 2016, this change has resulted in reduction of finance costs and depreciation by ₹ 16.48 Million and ₹4.83 Million respectively, and an increase in rental expense recognised in other expenses by ₹ 13.44 Million.

d) The Company has issued written put option to non-controlling interests in BACC Healthcare Private Limited and HCG Medi-surge Hospitals Private Limited in accordance with the terms of underlying shareholders agreement. Should the option be exercised by non-controlling interests, the Company has to settle such liability by payment of cash. The amount that may become payable under the option on exercise is recognised as a financial liability at its present value as at the transition date, with a corresponding charge directly to the shareholders' equity. Under previous GAAP, these were not required to be recognised.

During the year ended March 31, 2016, changes on subsequent measurement of the aforesaid liability amounting ₹ 104.16 Million has also been recognised in the shareholders' equity pursuant to the Group's choice of the accounting policy explained in Note 2.18 above.

e) Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurernent of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of statement of profit and loss. The actuarial gains for the year ended March 31, 2016 were ₹ 0.31 million and the tax effect thereon was ₹ 0.13 million. This change does not affect total equity, but there is a decrease in profit before tax of ₹ 0.31 million, and in total profit of ₹ 0.18 million for the year ended March 31, 2016.

Further, under previous GAAP, the Group accounted the finance cost on defined benefits obligation and the expected return on plan asset as employee benefits expense, whereas under Ind AS, net finance cost (finance cost on defined benefits obligation netted with expected return on plan asset) is recorded as finance cost. Employee benefits expense for the year ended March 31, 2016 is reduced with a corresponding increase in finance cost by ₹2.63 million

(iii) Reconciliation of statement of cash flow:

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

5 Property, plant and equipment and capital work-in-progress

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Carrying amounts of:			
Land - Freehold	462.49	462.49	461.94
Buildings - Owned	663.98	599.37	606.45
Buildings - Leasehold	365.89	378.34	397.27
Leasehold Improvements	554.37	483.08	387.25
Plant and equipment - Owned	3,401.98	2,632.54	2,205.90
Plant and equipment - Leasehold	41.44	45.61	53.82
Medical Equipment	432.37	411.36	136.31
Lab equipment	33.77	23.55	25.44
Office Equipment	26.41	20.18	10.41
Furniture and Fixtures	105.68	81.03	74.45
Data processing equipment	43.99	31.50	25.50
Electrical installation	17.55	12.19	13.29
Vehicles	20.15	12.63	14.98
	6,170.07	**5,193.87**	**4,413.01**
Capital work-in-progress	**1,482.26**	**1,208.58**	**423.09**

(Amounts in ₹ Million unless otherwise stated)

5 Property, plant and equipment and capital work-in-progress

Description of Assets	Property, Plant and Equipment													
	Land - Freehold	Buildings - Owned	Buildings - Leasehold	Leasehold Improvements	Plant and equipment - Owned	Plant and equipment - Leasehold	Medical Equipment	Lab equipment	Office Equipment	Furniture and Fixtures	Data processing equipment	Electrical installation	Vehicles	**Total**
I. Cost														
As at 1 April, 2015	461.94	606.45	397.27	387.25	2,205.90	53.82	136.31	25.44	10.41	74.45	25.50	13.29	14.98	4,413.01
Additions	0.55	6.41	-	145.56	658.26	-	338.40	6.21	21.99	23.22	17.70	6.25	6.92	1,231.47
Disposals	-	-	-	-	(5.30)	-	(0.07)	(0.10)	(1.04)	(0.60)	(0.77)	-	(7.17)	(15.05)
Effect of foreign currency exchange differences	-	-	-	-	36.60	-	1.11	-	-	-	-	-	-	37.71
Consolidation Adjustment	-	-	-	-	(0.43)	-	-	-	-	-	-	-	(0.04)	(0.47)
Assets retired from use (Refer note 29.1)	-	-	-	(0.24)	(6.39)	-	-	-	(1.26)	(0.55)	(0.61)	-	-	(9.05)
Sale of subsidiary during the year (Refer note 29.2)	-	-	-	(7.25)	(3.42)	-	(117.79)	-	(0.29)	(0.38)	(1.14)	-	(2.01)	(132.28)
Balance as at 31 March, 2016	**462.49**	**612.86**	**397.27**	**525.32**	**2,885.22**	**53.82**	**357.96**	**31.55**	**29.81**	**96.14**	**40.68**	**19.54**	**12.68**	**5,525.34**
Additions	-	102.29	0.75	135.13	1,142.79	1.55	57.96	19.31	21.14	46.98	33.05	11.66	10.39	1,583.00
Disposals	-	-	-	(1.05)	(56.68)	-	-	-	(0.11)	(0.16)	-	-	-	(58.00)
Exchange Fluctuation	-	-	-	-	(41.44)	-	-	-	-	-	-	-	-	(41.44)
Balance as at 31 March, 2017	**462.49**	**715.15**	**398.02**	**659.40**	**3,929.89**	**55.37**	**415.92**	**50.86**	**50.84**	**142.96**	**73.73**	**31.20**	**23.07**	**7,008.90**
II. Accumulated depreciation														
Depreciation expense for the year	-	13.49	18.93	44.98	258.68	8.21	30.39	8.02	11.16	16.00	11.11	7.35	2.70	431.02
Eliminated on disposal of assets	-	-	-	-	(4.11)	-	(0.02)	(0.02)	(0.78)	(0.49)	(0.77)	-	(2.10)	(8.29)
Assets retired from use (Refer note 29.1)	-	-	-	(0.05)	(0.73)	-	-	-	(0.51)	(0.20)	(0.50)	-	-	(1.99)
Sale of subsidiary during the year (Refer note 29.2)	-	-	-	(2.69)	(1.11)	-	(83.77)	-	(0.24)	(0.20)	(0.66)	-	(0.55)	(89.22)
Consolidation Adjustment	-	-	-	-	(0.05)	-	-	-	-	-	-	-	-	(0.05)
Balance as at 31 March, 2016	**-**	**13.49**	**18.93**	**42.24**	**252.68**	**8.21**	**(53.40)**	**8.00**	**9.63**	**15.11**	**9.18**	**7.35**	**0.05**	**331.47**
Eliminated on disposal of assets	-	-	-	(0.73)	(53.23)	-	-	-	(0.07)	(0.11)	-	-	-	(54.14)
Depreciation expense for the year	-	17.12	13.20	63.52	349.02	5.72	36.95	9.09	14.87	22.28	20.56	6.30	2.87	561.50
Balance as at 31 March, 2017	**-**	**30.61**	**32.13**	**105.03**	**548.47**	**13.93**	**(16.45)**	**17.09**	**24.43**	**37.28**	**29.74**	**13.65**	**2.92**	**838.83**
Net Block as at 31 March, 2016	**462.49**	**599.37**	**378.34**	**483.08**	**2,632.54**	**45.61**	**411.36**	**23.55**	**20.18**	**81.03**	**31.50**	**12.19**	**12.63**	**5,193.87**
Net Block as at 31 March, 2017	**462.49**	**684.54**	**365.89**	**554.37**	**3,381.42**	**41.44**	**432.37**	**33.77**	**26.41**	**105.68**	**43.99**	**17.55**	**20.15**	**6,170.07**

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

6 Other intangible assets

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Carrying amounts of:			
Computer software	65.21	24.00	30.61
Software plant and machinery	2.86	2.88	3.17
	68.07	**26.88**	**33.78**

Intangible Assets

	Description of Assets	Other Intangible Assets		
		Computer software	Software plant and machinery	Total
I.	**Cost**			
	Balance as at April 1, 2015	58.29	7.35	65.64
	Additions	3.21	-	3.21
	Disposals	(0.50)	-	(0.50)
	Sale of subsidiary during the year (Refer note 29.2)	(0.46)	-	(0.46)
	Balance as at 31 March, 2016	**60.54**	**7.35**	**67.89**
	Additions	47.71	0.23	47.94
	Balance as at 31 March, 2017	**108.25**	**7.58**	**115.83**
II.	**Accumulated amorisation and impairment**			
	Balance as at April 1, 2015	27.68	4.18	31.86
	Eliminated on disposal of assets	(0.42)	-	(0.42)
	Sale of subsidiary during the year (Refer note 29.2)	(0.17)	-	(0.17)
	Amortisation expense for the year	9.45	0.29	9.74
	Balance as at 31 March, 2016	**36.54**	**4.47**	**41.01**
	Amortisation expense for the year	6.50	0.25	6.75
	Balance as at 31 March, 2017	**43.04**	**4.72**	**47.76**
	Net Block as at 31 March, 2016	**24.00**	**2.88**	**26.88**
	Net Block as at 31 March, 2017	**65.21**	**2.86**	**68.07**

7 Goodwill

For the purposes of impairment testing, goodwill from business acquisition has been allocated to the Cash Generating Units (CGU) as below:

	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Milann Fertility Center	555.48	555.48	555.48
HCG Medi-Surge Hospitals Private Limited	53.40	53.40	53.40
Oncology center in Dr. Balabhai Nanavati Hospital (Refer notes 2.15.4 and note 29.1)	-	-	125.57
	608.88	**608.88**	**734.45**

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors. The value in use of the CGU were estimated based on 5 year forecasts considering average annual growth rate of 12% to 16%, terminal year growth rate of 4% and discounting rate of 13.5%. An analysis of the sensitivity of the computation to a change in key parameters based on reasonably probable assumptions, did not identify any probable scenario in which the value-in use of the CGU would decrease below the carrying amount.

(Amounts in ₹ Million unless otherwise stated)

8 Investments

Investments consist of the following:

	As at March 31, 2017 Amounts	As at March 31, 2016 Amounts	As at April 1, 2015 Amounts
A) Non-current			
Investments carried at fair value through profit or loss			
Mutual funds and other funds (Quoted)			
Religare Invesco Short Term Fund - 17,112.198 units @ ₹2,240.26 (17,112.198 units @ ₹2,052.11)	38.34	35.12	-
SBI One India Fund - Long-term dividend plan (Unquoted)	1.04	1.04	1.04
LIC Mutual Fund Nomura-Short-term plan (Unquoted)	0.01	0.01	0.01
Investment in government or trust securities (Unquoted)	0.15	0.15	0.15
Total Non-Current Investments	**39.54**	**36.32**	**1.20**

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
B) Current						
Investments carried at fair value through profit or loss						
Mutual funds and other funds (Quoted)						
- Unit Trust of India - Money Market Fund	24,060.61	53.93	88,678.36	150.00	-	-
- Birla Sun life	65,845.71	20.98	-	-	-	-
- ICICI Prudential Money Market Fund - Growth	-	-	718,052.75	150.00	-	-
- Kotak Floater Short Term	-	-	60,481.13	150.00	-	-
- Reliance liquid fund - Treasury Plan	-	-	40,782.07	150.25	-	-
Total Current Investments		**74.91**		**600.25**		**-**
Aggregate amount of quoted investments		113.25		635.37		-
Aggregate amount of Market value of investments		113.25		635.37		-
Aggregate amount of unquoted investments		1.20		1.20		1.20
Aggregate amount of impairment in value of investments		-		-		-

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

9 Loans

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
a) Loans and advances (unsecured) to employees						
Considered good	-	20.20	-	18.88	-	8.52
b) Inter-Corporate deposits						
Considered good	29.30	-	22.16	-	22.16	-
Total	**29.30**	**20.20**	**22.16**	**18.88**	**22.16**	**8.52**

10 Other Financial Assets

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Security deposits	312.41	-	227.81	0.21	210.17	0.22
Unbilled Revenue	-	112.92	-	111.82	-	81.57
Advances to related parties (Refer note 41)	2.72	-	2.98	-	4.22	-
Term deposits	145.33	25.60	69.78	35.52	66.91	22.02
Interest accrued on long/short term deposit	18.11	-	8.94	3.21	8.02	2.79
	478.57	**138.52**	**309.51**	**150.76**	**289.32**	**106.60**

11 Other Assets

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Unsecured, considered good						
Capital advances	215.22	-	109.67	-	79.30	-
Prepaid expenses	300.91	44.30	178.74	37.34	111.78	35.26
Rental advance	-	24.91	-	15.64	-	13.77
Indirect taxes paid under protest	1.40	-	1.40	-	0.40	-
Advance to vendors	-	66.82	-	45.66	-	22.73
Unsecured, considered doubtful						
Advance to vendors	-	29.83	-	29.83	-	25.08
Less : Allowance for bad and doubtful advances	-	(29.83)	-	(29.83)	-	(25.08)
	517.53	**136.03**	**289.81**	**98.64**	**191.48**	**71.76**

12 Inventories

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
a) Inventories (lower of cost and net realisable value)			
Stock-in-trade	187.69	133.50	145.53
	187.69	**133.50**	**145.53**

(Amounts in ₹ Million unless otherwise stated)

13 Trade receivables

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Trade receivables (unsecured) consist of following						
a) considered good	-	1,032.20	-	695.42	-	552.65
b) considered doubtful	-	385.88	-	352.70	-	325.08
Allowance for doubtful debts (expected credit loss allowance)	-	(385.88)	-	(352.70)	-	(325.08)
	-	**1,032.20**	**-**	**695.42**	**-**	**552.65**

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix given in note 39.

13.1 Movement in the expected credit loss allowance

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of the year	352.70	325.08
Additional provision during the year	33.18	27.62
Written-off during the year	-	-
Balance at end of the year	**385.88**	**352.70**

14 Cash and cash equivalents

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Balances with Banks			
Earmarked balances with banks	338.67	364.16	
In deposit accounts	408.52	31.57	40.34
Other bank balances - EEFC accounts	11.04	24.55	22.24
Others- Escrow Account	-	95.68	-
In current accounts	74.67	48.69	171.68
Cheques, drafts on hand	3.96	1.28	2.59
Cash on hand	15.36	10.14	10.68
Cash and cash equivalents as per balance sheet	**852.22**	**576.07**	**247.53**
Add: Investments in liquid mutual funds in the nature of "Cash and cash equivalents" (Refer Note 8(B))	74.91	600.25	-
Less: Bank overdrafts (Refer Note 18)	(416.29)	(371.80)	(292.71)
Cash and cash equivalents as per consolidated statement of cash flows	**510.84**	**804.52**	**(45.18)**

(Amounts in ₹ Million unless otherwise stated)

Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN)* held and transacted during the period from November 8, 2016 to December 30, 2016 are provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	**11.39**	**1.66**	**13.05**
(+) Permitted receipts	13.92	135.94	149.86
(-) Permitted payments	(0.02)	(9.41)	(9.43)
(-) Amount deposited in Banks	(25.29)	(122.86)	(148.15)
Closing cash in hand as on December 30, 2016	-	**5.33**	**5.33**

* The term 'Specified Bank Notes' have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016.

15 Equity Share Capital

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Authorised Share capital :			
127,000,000 fully paid equity shares of ₹10 each	1,270.00	1,270.00	1,270.00
Issued and subscribed capital comprises:			
85,712,986 fully paid equity shares of ₹10 each (as at March 31, 2016: 85,075,986; as at April 1, 2015: 69,983,808)	857.13	850.76	699.84

15.1 Fully paid equity shares

	Number of shares	Share capital (Amount)
Balance as at April 1, 2015	**69,983,808**	**699.84**
Increase during the year (Refer Note (i) below)		
(a) Issue of equity shares through initial public offer	11,600,000	116.00
(b) Issue of equity shares under employee share option plan 2014	1,695,077	16.95
(c) Issue of equity shares pursuant to exercise of share warrants	950,341	9.50
(d) Issue of equity shares pursuant to merger	846,760	8.47
Balance as at March 31, 2016	**85,075,986**	**850.76**
Increase during the year		
(a) Issue of equity shares under employee share option plan 2014	637,000	6.37
Balance as at March 31, 2017	**85,712,986**	**857.13**

(i) During the previous year, the Company completed the initial public offer and allotted 11,600,000 equity shares of ₹ 10/- each at a premium of ₹ 208/- per share. Expenses incurred (net) towards such allotment of shares amounting ₹ 163.33 million has been debited to Securities Premium Account. Other issue of equity shares during the year ended 31 March 2016 includes:

- 846,760 shares issued at face value to erstwhile minority shareholders of HCG Vijay Oncology Private Limited ('HCG Vijay') pursuant to merger of HCG Vijay with the Company,
- 903,505 and 46,836 shares issued at a premium of ₹ 100.68 per share and ₹ 76.30 per share respectively, pursuant to exercise of share warrants, and
- 1,695,077 shares issued to holders of Employee Stock Option Scheme pursuant to exercise of vested options.

Fully paid equity shares, which have a par value of ₹10, carry one vote per share and carry a right to dividends The Company has only one class of equity share having a par value of ₹10/- each. Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. However, as on date no such preferential amount exists. The distribution will be in proportion to number of equity shares held by the shareholders.

(Amounts in ₹ Million unless otherwise stated)

15.2 Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Fully paid equity shares						
Dr B.S Ajaikumar	17,642,739	20.58%	17,642,739	20.74%	17,398,665	24.86%
Sundaram Mutual Fund	5,490,474	6.41%	-	-	-	-
V Sciences Investments Pte. Limited	8,320,805	9.71%	8,320,805	9.78%	11,770,805	16.82%
International Finance Corporation	4,358,705	5.09%	4,358,705	5.12%	-	-
Franklin Templeton Mutual Fund	5,790,082	6.76%	-	-	-	-
Prazim Trading and Investment Co Private Limited	6,654,723	7.76%	-	-	-	-
PI Opportunities Fund 1	-	-	11,930,000	14.02%	15,380,000	21.98%
IL&FS Trust Company Limited A/c Milestone Private Equity Fund	-	-	-	-	12,877,583	18.40%

15.3 Aggregate number of equity shares allotted as fully paid-up without payment being received in cash for a period of five years immediately preceding the years ended 31 March 2017, 2016 and 2015

Particulars		Aggregate number of shares as at		
		31-Mar-17	31-Mar-16	31-Mar-15
(a)	Issue of fully paid-up shares pursuant to contract without payment being received in cash	-	-	750,126
(b)	Issue of shares pursuant to mergers	1,531,562	1,531,562	684,802

15.4 Number of equity shares of Rs.10/- each reserved for issuance

Particulars		As at		
		31-Mar-17	31-Mar-16	31-Mar-15
a)	to eligible employees under Employee Stock Option Scheme	2,967,923	3,604,923	5,300,000
b)	to Dr. B. S Ajaikumar pursuant to outstanding share warrants	-	-	950,341
c)	to minority shareholders of erstwhile subsidiaries pursuant to merger	-	-	846,760

16 Other equity

	Note	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-15
Securities premium	16.1	4,945.44	4,867.85	2,430.20
Share options outstanding account	16.2	12.17	9.04	34.37
Capital reserve	16.3	5.60	5.60	5.60
Foreign currency translation reserve	16.4	-	(0.32)	(0.26)
Remeasurements of the defined benefit liabilities / (asset)	16.5	(0.37)	0.04	-
Retained earnings	16.6	(1,493.37)	(1,474.73)	(1,355.96)
Shares pending allotment		-	-	8.47
		3,469.47	**3,407.48**	**1,122.42**

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

16.1 Securities premium

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**4,867.85**	**2,430.20**
Premium on shares issued during year	69.25	2,600.98
Share issue expenses *	8.34	(163.33)
Balance at end of year	**4,945.44**	**4,867.85**

* Share issue expenses of ₹ 163.33 million towards Initial Public Offer of 11,600,000 shares had been debited to securities premium in the previous year. Out of this unspent amount of ₹8.34 million has been credited to securities premium during the year

16.2 Share options outstanding account

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	**9.04**	**34.37**
Transferred to Securities premium account on exercise of ESOPs	(6.32)	(30.72)
Deferred stock compensation expense for the year	9.45	5.39
Balance at end of year	**12.17**	**9.04**

The above reserve relates to share options granted by the Company to its employees under its employee share option plan. Further information about share-based payments to employees is set out in note 36.3.

16.3 Capital reserve

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**5.60**	**5.60**
Change during the year	-	-
Balance at end of year	**5.60**	**5.60**

16.4 Foreign currency translation reserve

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**(0.32)**	**(0.26)**
Other comprehensive income arising from exchange differences on translating the foreign operations	0.32	(0.06)
Balance at end of year	**-**	**(0.32)**

16.5 Remeasurements of the defined benefit liabilities / (asset)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**0.04**	**-**
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(0.41)	0.04
Balance at end of year	**(0.37)**	**0.04**

16.6 Retained earnings

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at beginning of year	**(1,474.73)**	**(1,355.96)**
Profit/ (loss) attributable to owners of the Company	221.73	(14.61)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (refer note (i) below)	(115.61)	(104.16)
Change in ownership in subsidiaries (without loss of control)	(124.76)	-
Balance at end of year	**(1,493.37)**	**(1,474.73)**

(Amounts in ₹ Million unless otherwise stated)

Note (i): The Company has issued written put option to non-controlling interests in BACC Healthcare Private Limited and HCG Medi-surge Hospitals Private Limited in accordance with the terms of underlying shareholders agreement. Should the option be exercised by non-controlling interests, the Company has to settle such liability by payment of cash.

Accounting on initial recognition:

The amount that may become payable under the option on exercise is recognised as a financial liability at its present value with a corresponding charge directly to the shareholders' equity.

Subsequent measurement:

In the absence of any mandatorily applicable accounting guidance, the Company has elected an accounting policy choice to recognise changes on subsequent measurement of the liability in shareholders' equity.

17 Non-controlling interests

	Year ended 31-Mar-17	Year ended 31-Mar-16
Balance at the beginning of the year	**326.90**	**252.77**
Share of profit for the year	8.79	37.08
Additional investments by NCI	123.69	67.66
Adjustment on account of common control transactions & change in holding (net)	115.24	0.04
Reduction in minority interest on account of sale of shares in subsidiary HCG TVH	-	(30.65)
Balance at the end of the year	**574.62**	**326.90**

Details of non-wholly owned subsidiaries that have material non-controlling interests

There are no non-wholly owned subsidiaries that have material non-controlling interests. The management has set materiality at ten percent of the annual consolidated turnover, as per the last audited financial statements of the Company.

18 Borrowings

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Non Current	Current	Non Current	Current	Non Current	Current
Secured - at amortised cost							
(i)	Term loans						
	from banks (Refer note 18.1.1)	1,331.71	-	742.93	-	1,630.75	-
	from other parties (Refer note 18.1.2)	34.54	-	60.04	-	78.78	-
(ii)	Vehicle Loans (Refer note 18.1.3 & 18.1.4)	1.63	-	0.43	-	2.83	-
(iii)	Loans repayable on demand						
	-from Banks (Bank overdraft) (Refer note 18.1.7)	-	416.29	-	371.80	-	292.71
Unsecured - at amortised cost		**-**					
(i)	Deferred payment liabilities (Refer note 18.1.6)	974.91	-	1,148.98	-	431.13	-
(ii)	Long term maturities of finance lease obligations (Refer note 35.1)	475.62	-	490.55	-	509.03	-
(iii)	Loans from others (Refer note 18.1.5)	15.41	-	15.41	-	6.41	-
	Total	**2,833.82**	**416.29**	**2,458.34**	**371.80**	**2,658.93**	**292.71**

(Amounts in ₹ Million unless otherwise stated)

18.1 Summary of borrowing arrangements

Details of security and terms of repayment of term loans and other loans (except loans repayable on demand) are stated below.

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
18.1.1 Term loans from banks - Secured			
Facility-1			
Non-current portion	985.91	502.63	1,448.55
Amounts included under current maturities of long-term debt	5.41	1.27	120.64
- Secured by exclusive charge on equipments purchased from these loans, first charge on immovable fixed assets (land and building / structures there upon) and movable fixed assets (both present and future, not charged exclusively to any other lender) and first pari-passu charge on all current assets and receivables (both present and future) of the Parent company, HCG Medi-Surge Hospitals Private Limited, HCG Pinnacle Oncology Private Limited, HCG Oncology LLP, APEX HCG Oncology Hospitals LLP and HCG NCHRI Oncology LLP			
- Rate of interest: bank's base rate + 0.75% to 1% p.a.			
- Repayable in instalments over a period of 6 to 9 years after 1 to 3 year moratorium from the date of borrowing.			
Facility-2			
Non-current portion	0.57	0.77	0.95
Amounts included under current maturities of long-term debt	0.21	0.18	0.17
- Security: Term loan is secured by hypothecation against medical equipment of Malnad Hospital & Institute of Oncology Private Limited purchased out of finance			
- Rate of interest: Bank's base rate + 2.75% p.a			
- Payable in 84 monthly instalments commencing from the date of borrowing.			
Facility-3			
Non-current portion	15.57	-	30.98
Amounts included under current maturities of long-term debt	31.20	18.10	2.72
- Secured by pari-passu charge on all assets of BACC Healthcare Private Limited except those assets specifically funded out of any other bank.			
- Rate of interest: Bank's base rate plus 1.65% p.a			
- Payable in 25 quarterly instalments after moratorium period of 1 year.			

(Amounts in ₹ Million unless otherwise stated)

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Facility-4			
Non-current portion	1.03	1.55	-
Amounts included under current maturities of long-term debt	0.49	0.43	-
- Security: Term loan is secured by hypothecation against medical equipment purchased out of finance Malnad Hospital & Institute of Oncology Private Limited.			
- Rate of interest: Bank's base rate + 2.75% p.a			
- Payable in 57 monthly instalments commencing from the date of borrowing after moratorium period of 3 months.			
Term loans from banks - Secured			
Facility-5			
Non-current portion	328.63	237.98	150.27
Amounts included under current maturities of long-term debt	16.74	-	-
- Secured against movable and immovable fixed assets of the company, and Corporate Guarantee of Healthcare Global Enterprises Limited and Regency Hospitals Limited.			
- Rate of interest: Bank's base rate plus 2.25% p.a			
- Payable in 96 monthly instalments commencing from July 2017.			
Total of term loans from bank - secured	**1,385.76**	**762.91**	**1,754.28**
Non-current portion	1,331.71	742.93	1,630.75
Amounts included under current maturities of long-term debt	54.05	19.98	123.53
Terms of repayment and security			
18.1.2 Term loans from others - Secured			
Non-current portion	34.54	60.04	78.78
Amounts included under current maturities of long-term debt	22.85	28.04	55.78
Secured by equipment of the parent company purchased out of amount financed			
Rate of Interest 4.64% to 14.05% p.a.			
- Repayment varies between 48 to 84 monthly instalments			

(Amounts in ₹ Million unless otherwise stated)

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Terms of repayment and security			
18.1.3 Vehicle loan from bank - Secured			
Facility-1			
Non-current portion	1.44	0.19	0.61
Amounts included under current maturities of long-term debt	0.50	0.73	0.38
- Secured by hypothecation of vehicles of the parent company purchased out of finance			
- Rate of Interest 9.25% - 11.25% p.a.			
- Repayable in 18 to 60 monthly instalments from the date of borrowing.			
Facility-2			
Non-current portion	0.19	0.24	0.29
Amounts included under current maturities of long-term debt	0.04	0.04	0.04
- Secured by hypothecation of vehicle of Malnad Hospital & Institute of Oncology Private Limited purchased out of finance.			
- Rate of Interest 10.75% p.a.			
- Repayable in 84 monthly instalments commencing from October 2014.			
Facility-3			
Non-current portion	-	-	1.84
Amounts included under current maturities of long-term debt	-	-	0.45
This loan which was secured by hypothecation of vehicle purchased out of finance has been repaid in full during the previous year.			
Total of vehicle loans from bank - secured	**2.17**	**1.20**	**3.61**
Non-current portion	1.63	0.43	2.74
Amounts included under current maturities of long-term debt	0.54	0.77	0.87
Terms of repayment and security			
18.1.4 Vehicle loan from others - Secured			
Non-current portion	-	-	0.09
Amounts included under current maturities of long-term debt	-	-	0.40
This loan which was secured by hypothecation of vehicle purchased out of finance has been repaid in full during the previous year.			

(Amounts in ₹ Million unless otherwise stated)

Terms of repayment and security	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Terms of repayment			
18.1.5 Term loans from other parties - Unsecured			
Non-current portion	15.41	15.41	6.41
Amounts included under current maturities of long-term debt			
- Interest free loan repayable as and when funds are available.			
Terms of repayment			
18.1.6 Deferred payment liabilities - Unsecured			
Non-current portion	974.91	1,148.98	431.13
Amounts included under current maturities of long-term debt	859.57	338.82	194.17
- Rate of interest varies between 0.75% to 7% p.a			
- Repayment in instalments over a period of 1 to 5 years			
Details of security and terms of repayment for the short-term borrowings:			
Terms of repayment and security			
18.1.7 Secured loan repayable on demand from banks:			
Secured by first pari-passu charge on entire current assets (both present and future), second pari- passu charge over entire fixed assets (both present and future other than exclusively charged) of the parent company and HCG Oncology LLP	**416.29**	**371.80**	**292.71**
Of the above, short-term borrowings guaranteed by directors of the Company	0.00	0.00	76.66

19 Other financial liabilities

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
a) Current maturities of long-term debt *	-	77.44	-	48.79	-	180.59
b) Current maturity of deferred payment obligations *	-	859.57	-	338.82	-	194.17
c) Current maturities of finance lease obligations (Refer note 35.1)	-	14.93	-	18.48	-	16.85
d) Liability on written put options (Refer note 16.6)	785.75	380.90	707.89	343.15	946.88	-
e) Interest accrued *	-	106.77	-	88.13	-	83.93
f) Payable on purchase of fixed assets	15.43	127.72	21.02	80.03	25.23	49.20
Total	**801.18**	**1,567.33**	**728.91**	**917.40**	**972.11**	**524.74**

* The details of interest rates, repayment and other terms are disclosed under note 18.1

(Amounts in ₹ Million unless otherwise stated)

20 Provisions

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
Employee benefits						
Gratuity (Refer note 36.2)	30.46	25.44	28.95	18.24	22.64	17.39
Compensated absences	-	23.96	-	19.88	-	16.84
Total	**30.46**	**49.40**	**28.95**	**38.12**	**22.64**	**34.23**

21 Trade Payables

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Trade payables	1,410.44	1,084.22	832.64
Total	**1,410.44**	**1,084.22**	**832.64**

There are no micro and small enterprises to whom the Group 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 Management of each of the subsidiaries of the Group.

22 Other current liabilities

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
(a) Advance from customers	163.85	167.91	111.82
(b) Others - Statutory remittances	64.81	48.81	47.79
Total	**228.66**	**216.72**	**159.61**

23 Revenue from Operations

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Income from medical services	4,781.77	3,972.74
(b) Income from pharmacy	2,165.73	1,808.18
(c) Other operating revenues	53.61	60.81
	7,001.11	**5,841.73**

24 Other Income

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest income	42.73	23.85
(b) Net foreign exchange gains	21.15	4.53
(c) Net gain on sale of investments in mutual funds	22.84	-
(d) Net gain on financial assets designated at fair value through profit and loss	0.39	-
(e) Payables no longer required written-back	0.29	0.87
(f) Miscellaneous income	9.31	10.67
	96.71	**39.92**
Interest income comprise:		
Interest on bank deposits	29.34	14.77
Interest on income tax refund	6.41	0.87
Interest on inter-corporate deposit	1.61	2.80
Interest on financial assets at amortised cost	5.37	5.41
	42.73	23.85

(Amounts in ₹ Million unless otherwise stated)

25 Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	1,104.94	912.95
Contribution to provident and other funds (Refer note 36.1)	48.72	41.87
Gratuity Expense (Refer note 36.2)	11.26	8.71
Share-based payments to employees (Refer note 36.3)	9.45	5.39
Staff welfare expenses	44.88	36.41
	1,219.25	**1,005.33**

26 Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest costs :-		
Interest on bank overdrafts and loans	87.11	264.09
Interest on obligations under finance leases	109.48	93.73
Interest on defined benefit obligations, net (Refer note 36.2)	3.52	2.63
(b) Other borrowing costs :-		
Bank charges	29.87	22.87
	229.98	**383.32**

27 Depreciation and amortisation expense

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of property, plant and equipment	561.50	431.02
Amortisation of intangible assets	6.75	9.74
	568.25	**440.76**

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

28 Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Medical consultancy charges	1,559.32	1,297.28
Lab charges	134.97	110.68
Power and fuel & water charges	164.24	143.48
House Keeping Expenses	160.10	125.25
Rent (Refer Note 35.2)	334.43	224.28
Repairs to Buildings	16.26	16.77
Repairs to Machinery	165.48	142.58
Office Maintenance & Others	49.57	44.68
Insurance	10.22	9.60
Rates and Taxes, excluding taxes on income	22.03	18.45
Printing & Stationery	34.07	27.65
Advertisement, Publicity & Marketing	105.07	95.57
Travelling & Conveyance	70.75	70.34
Legal & Professional Fees	80.26	60.00
Audit Fee (Refer note 28.1)	7.00	6.20
Telephone Expenses	31.24	21.12
Provision for Bad Debts & Doubtful advances	33.18	32.37
Loss on Disposal of Property, Plant and Equipment	0.60	2.50
Miscellaneous expenses	44.01	39.77
	3,022.80	**2,488.57**

28.1 Payments to auditors

		Year ended March 31, 2017	Year ended March 31, 2016
a)	For audit of financial statements of the Company and limited review of interim results	3.70	3.35
b)	For audit of financial statements of the subsidiaries of the Group	2.00	1.75
c)	Out of pocket expenses and service tax on above	1.30	1.10
		7.00	**6.20**

29 Exceptional Items

	Year ended March 31, 2017	Year ended March 31, 2016
Net loss relating to Hospital unit closed during the year (Refer Note (i) below)	-	44.28
Net loss on disposal of investment in HCG TVH Medical Imaging Private Limited (Refer Note (ii) below)	-	16.41
	-	**60.69**

29.1 In the prior years, the Company had entered into an Operation Agreement (OA) with Dr. Balabhai Nanavati Hospital (BNH), a public charitable trust, to operate and manage the Oncology Center in BNH. In the previous year, as a result of certain disputes between the parties, arbitration proceedings were initiated in the Bombay High Court. The Bombay High Court disposed-off the matter by its order dated 30-Oct-15 as the parties agreed to settle all their disputes in accordance with the Consent terms. On the basis of the mentioned consent terms, the OA was terminated and the Company received a sum of ₹ 131 million from BNH. Also refer note 2.15.4.

(Amounts in ₹ Million unless otherwise stated)

Adjustments made in the previous period to recognize the loss as a result of the above settlement is given below:

Particulars	31-Mar-16
Carrying value of assets disposed-off as a result of termination of operations	
Trade receivable	17.14
Property, plant and equipment	7.06
Goodwill	120.39
Total exposure	**144.59**
Less: Recoveries from BNH	(131.00)
Impairment loss	**13.59**

The results of this unit for the previous period, including the impairment losses explained above, have been classified under exceptional items in these financial statements, the details of which are given below:

Particulars	31-Mar-16
Revenue	
(a) Revenue from Pharmacy sales	18.70
(b) Other income	0.61
Total revenue (A)	**19.31**
Expenses	
(a) Purchases of stock-in-trade	9.97
(b) (Increase) / decrease in stock-in-trade	3.12
(c) Employee benefits expense	3.82
(d) Finance costs	5.16
(e) Depreciation and amortisation expense	5.49
(f) Other expenses (including impairment losses explained above)	36.03
Total expenses (B)	**63.59**
Net loss for the period on closure of hospital unit (A) - (B)	**44.28**

(Amounts in ₹ Million unless otherwise stated)

29.2 In accordance with the terms of share purchase agreement with Anderson Diagnostic Services Private Limited dated November 23, 2015, the Company sold its long-term investments in equity and preference shares held in HCG TVH Medical Imaging Private Limited (HCG TVH) for a total consideration of ₹ 15.51 million. Details of net assets disposed-off and the resulting loss is given below:

Particulars	Amount	Amount
Non-current assets		
- Property, plant and equipment	43.35	
- Deferred tax assets (net)	0.62	
- Long-term loans and advances	25.18	
Current assets		
- Inventories	0.46	
- Trade receivables	1.73	
- Cash and cash equivalents	2.47	
- Short-term loans and advances	0.52	
- Other current assets	1.76	
Total assets (A)		**76.09**
Minority Interest	30.65	
Non-current liabilities		
- Long-term provisions	0.67	
Current liabilities		
- Trade payables	10.46	
- Other current liabilities	0.49	
- Short-term provisions	1.90	
Total liabilities (B)		**44.17**
Carrying value of net assets disposed-off (A) - (B)		**31.92**
Consideration receivable (received by the Company on 21 December 2015)		15.51
Losses incurred on disposal of long-term investments (classified under exceptional items)		16.41

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

Details of results of HCG TVH, as considered in these consolidated financial statements:

Particulars	For the year ended 31-Mar-16
Revenue from operations	**57.10**
Other income	**-**
Total revenue	**57.10**
Expenses	
(a) Purchases of stock-in-trade	14.72
(b) (Increase) / decrease in stock-in-trade	(0.01)
(c) Employee benefits expense	5.07
(d) Finance costs	0.22
(e) Depreciation and amortisation expense	6.48
(f) Other expenses	25.16
Total expenses	**51.64**
Profit before tax	**5.46**
Tax expense:	
(a) Current tax expense	2.95
(b) Deferred tax	(1.14)
Net tax expense	**1.81**
Profit after tax before share of profit of non-controlling interest	**3.65**
Less : Share of profit of minority non-controlling interest	1.79
Profit for the period attributable to the shareholders of the Company	**1.86**

30 Income tax expense

30.1 Income tax recognised in the Statement of profit and loss

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax		
In respect of the current year	115.23	37.80
	115.23	**37.80**
Deferred tax		
In respect of the current year	2.77	(57.45)
	2.77	**(57.45)**
Total income tax expense recognised in the Statement of profit and loss	118.00	(19.65)

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

Profit before tax	348.43	2.74
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	120.58	0.95
Adjustments recognised in respect of changes in brought forward tax losses	(6.94)	(22.13)
Effect of expenses that are not deductible in determining taxable profit	4.46	1.53
	118.10	**(19.65)**

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

30.2 Income tax recognised in other comprehensive income

	Year ended March 31, 2017	Year ended March 31, 2016
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.39)	0.13
Total income tax recognised in other comprehensive income on items that will not be reclassified to profit or loss	**(0.39)**	**0.13**

30.3 Net deferred tax assets and liabilities

Deferred tax balances	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
Deferred Tax Assets	167.09	164.31	105.69
Deferred Tax Liabilities	(11.70)	(6.44)	(5.04)
Net	**155.39**	**157.87**	**100.65**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening Balance	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(479.66)	(116.79)	(0.10)	(596.55)
Intangible assets	(4.40)	(10.79)		(15.19)
Financial liabilities at amortised cost	(1.53)	6.39		4.86
MAT credit entitlement	42.60	88.22		130.82
Provision for doubtful debts/advances	135.69	13.85		149.54
Defined benefit obligation	35.50	3.68	0.39	39.57
Tax losses	429.67	12.67		442.34
Total	**157.87**	**(2.77)**	**0.29**	**155.39**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

Deferred tax assets / (liabilities) in relation to	Opening Balance	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income	Closing Balance
Property, plant and equipment	(472.73)	(6.83)	(0.10)	(479.66)
Intangible assets	(26.12)	21.72		(4.40)
Financial liabilities at amortised cost	(7.00)	5.47		(1.53)
MAT credit entitlement	33.28	9.32		42.60
Provision for doubtful debts/advances	121.73	13.96		135.69
Defined benefit obligation	22.68	12.95	(0.13)	35.50
Tax losses	428.81	0.86		429.67
Total	**100.65**	**57.45**	**(0.23)**	**157.87**

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Further, the Company and its certain subsidiaries carry tax credit entitlement in respect of Minimum Alternate Tax (MAT) paid, which can be carried forward for certain period and can be set-off against future tax liabilities to the extent income tax under normal tax provisions exceeds the MAT for those years. Tax benefits on unabsorbed business losses and MAT credit entitlement have been recognised as deferred tax asset as it is more probable than not that the future economic benefits associated with the asset will be realised.

(Amounts in ₹ Million unless otherwise stated)

Deferred tax liability on undistributed earnings of ₹ 360.15 Million of certain subsidiaries has not been recognised, as it is the intention of the Company to reinvest the earnings of these subsidiaries for the foreseeable future.

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2017:	Assets	Liabilities	Net
Property, plant and equipment	(579.83)	(16.72)	(596.55)
Intangible assets	(14.33)	(0.86)	(15.19)
Financial liabilities at amortised cost	4.86	-	4.86
MAT credit entitlement	130.82	-	130.82
Provision for doubtful debts/advances	146.47	3.07	149.54
Defined benefit obligation	36.76	2.81	39.57
Tax losses	442.34	-	442.34
Total	**167.09**	**(11.70)**	**155.39**

As at March 31, 2016:	Assets	Liabilities	Net
Property, plant and equipment	(470.46)	(9.20)	(479.66)
Intangible assets	(3.53)	(0.87)	(4.40)
Financial liabilities at amortised cost	(1.53)	-	(1.53)
MAT credit entitlement	42.60	-	42.60
Provision for doubtful debts/advances	133.80	1.89	135.69
Defined benefit obligation	33.76	1.74	35.50
Tax losses	429.67	-	429.67
Total	**164.31**	**(6.44)**	**157.87**

As at April 01, 2015:	Assets	Liabilities	Net
Property, plant and equipment	(465.59)	(7.14)	(472.73)
Intangible assets	(25.46)	(0.66)	(26.12)
Financial liabilities at amortised cost	(7.00)	-	(7.00)
MAT credit entitlement	33.28	-	33.28
Provision for doubtful debts/advances	120.95	0.78	121.73
Defined benefit obligation	20.70	1.98	22.68
Tax losses	428.81	-	428.81
Total	**105.69**	**(5.04)**	**100.65**

30.4 Current tax assets (Net)

	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Advance tax (Net of provision)	261.33	302.20	231.41
	261.33	**302.20**	**231.41**

30.5 Current tax libilities

	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Provision for tax (Net of Advance Tax)	13.91	-	0.50
	13.91	**-**	**0.50**

31 Contingent liabilities

Particulars		31-Mar-17	31-Mar-16	01-Apr-15
a)	Corporate Gurantees given	319.75	87.75	-
b)	Other money for which the company is contingently liable			
	Customs Duty	4.40	-	-
	Excise and Service Tax	19.10	19.10	3.39
	Value Added Tax	18.62	18.68	1.99
	Income Tax	13.64	1.09	49.47
c)	Bonus to employees pursuant to retrospective amendment to the Payment of Bonus Act, 1965	9.98	9.98	-

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

32 Commitments

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,221.23	1,412.04	1,877.80

33 Earnings per Share

33.1Basic earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

	31-Mar-17	31-Mar-16
Profit / (loss) for the year attributable to owners	**221.73**	**(14.61)**
Adjustment in respect of share issue expenses charged-off to securities premium account which is otherwise required to be recognised in the Statement of profit and loss in accordance with Ind AS (Note 16.1)	8.34	(163.33)
The earnings used in the calculation of basic earnings per share	**230.07**	**(177.94)**
Weighted average number of equity shares for the purposes of basic earnings per share	85,163,315	72,870,351
Basic earnings per share for the year (amount in ₹)	**2.69**	**(2.43)**

33.2Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.

	31-Mar-17	31-Mar-16
Earnings used in the calculation of basic earnings per share	230.07	(177.94)
Earnings used in the calculation of diluted earnings per share	230.07	(177.94)
Weighted average number of equity shares used in the calculation of diluted earnings per share	85,173,020	72,870,351
Diluted earnings per share for the year (amount in ₹)	**2.69**	**(2.43)**

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

	31-Mar-17	31-Mar-16
Weighted average number of equity shares used in the calculation of basic earnings per share	85,163,315	72,870,351
Shares deemed to be issued for no consideration in respect of employee options	9,705	-
Weighted average number of equity shares used in the calculation of diluted earnings per share	85,173,020	72,870,351

For the year ended March 31, 2017, 919,490 number of options to purchase equity shares had an anti-dilutive effect. For the year ended March 31, 2016, 734,217 number of options to purchase equity shares had an anti-dilutive effect.

34 Segment information

The Group is mainly engaged in the business of setting up and managing hospitals and medical diagnostic services which constitute a single business segment. These activities are mainly conducted only in one geographical segment viz, India. Therefore, the disclosure requirements under the Ind AS 108 "Operating Segments" are not applicable.

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

35 Leasing arrangements: The Group being a lessee

35.1 Finance lease arrangements

Finance leasing arrangements of the Group include lease of Hospital buildings for duration of 24 to 30 years and medical equipments for 6 years. Interest rates underlying all obligations under finance leases range between 10% to 12% p.a. The details of future minimum lease payment and reconciliation of gross investment in the lease and present value of minimum lease payments are given below:

Finance lease liabilities

Particulars	Minimum Lease Payments			Present Value of Minimum Lease Payments		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Not later than one year	71.12	73.06	69.83	14.93	18.48	16.85
Later than one year and not later than five years	253.74	256.54	249.37	-	14.93	33.41
Later than five years	1,435.70	1,504.00	1,584.24	475.62	475.62	475.62
	1,760.56	**1,833.60**	**1,903.44**	**490.55**	**509.03**	**525.88**
Less: future finance charges	(1,270.01)	(1,324.57)	(1,377.56)	-	-	-
Present value of minimum lease payments	**490.55**	**509.03**	**525.88**	**490.55**	**509.03**	**525.88**
Included in the consolidated financial statements as:						
Current maturities of finance lease obligations (Refer note 19)				14.93	18.48	16.85
Non-current borrowings (Refer note 18)				475.62	490.55	509.03
				490.55	**509.03**	**525.88**

35.2 Operating lease arrangements

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-sellable and are for a period of 5-30 years and may be renewed for a further period, based on mutual agreement of the parties.

Payments recognised as an expense in Note 28

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Minimum lease payments	334.43	224.28
	334.43	**224.28**

Non-cancellable operating lease commitments

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Not later than 1 year	344.68	167.55	151.99
Later than 1 year and not later than 5 years	1,347.08	663.52	637.37
Later than 5 years	1,407.91	1,170.44	1,251.77
	3,099.67	**2,001.51**	**2,041.13**

36 Employee benefit plans

36.1 Defined contribution plans

The Group has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of

(Amounts in ₹ Million unless otherwise stated)

the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss under employee benefit expenses in respect of such schemes are given below:

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Contribution to Provident Fund & Pension Scheme, included under contribution to provident and other funds.	48.72	41.87
Contribution to Employee State Insurance Scheme, included under staff welfare expenses	7.19	7.23
	55.91	**49.10**

36.2 **Defined benefit plans**

The Group offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation as at		
	31-Mar-17	31-Mar-16	01-Apr-15
Discount rate(s)	6.20% to 7.25%	7.60%	7.80%
Expected rate(s) of salary increase	5.00% to 6.00%	5.00% to 6.00%	5.00%
Employee Turnover Ratio	15.15% to 55.00%	12.90% to 54.96%	16% to 56%

Amounts recognised in consolidated statement of profit and loss in respect of this defined benefit plan are as follows.

	31-Mar-17	31-Mar-16
Current service cost	11.26	8.71
Net interest expense	3.52	2.63
Components of defined benefit costs recognised in the Statement of profit and loss	**14.78**	**11.34**
Service cost recognised in employee benefits expense in Note 25	11.26	8.71
Net interest expense recognised in finance costs in Note 26	**3.52**	**2.63**
Remeasurement of the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	1.30	(0.25)
Actuarial (gains) / losses arising from experience adjustments	(0.26)	-
Remeasurement on plan assets	0.01	(0.06)
Remeasurement of the net defined benefit liability recognised in other comprehensive income	**1.03**	**(0.31)**

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	31-Mar-17	31-Mar-16	01-Apr-15
Present value of funded defined benefit obligation	58.54	48.09	40.81
Fair value of plan assets	2.64	0.90	0.78
Unfunded status	**55.90**	**47.19**	**40.03**
Restrictions on asset recognised	-	-	-
Net liability arising from defined benefit obligation	**55.90**	**47.19**	**40.03**

(Amounts in ₹ Million unless otherwise stated)

Movements in the present value of the defined benefit obligation are as follows.

	31-Mar-17	31-Mar-16
Opening defined benefit obligation	48.09	40.81
Current service cost	11.26	8.71
Interest cost	3.71	2.69
Remeasurement (gains)/losses:	**-**	**-**
Actuarial gains and losses arising from changes in financial assumptions	1.30	(0.25)
Actuarial gains and losses arising from experience adjustments	(0.26)	-
Benefits paid	(5.56)	(3.87)
Closing defined benefit obligation	**58.54**	**48.09**

Movements in the fair value of the plan assets are as follows.

	Year ended 31-Mar-17	Year ended 31-Mar-16
Opening fair value of plan assets	0.90	0.78
Interest income	0.17	0.06
Remeasurement gain (loss)	0.01	0.06
Acquisitions	1.56	-
Closing fair value of plan assets	**2.64**	**0.90**

The fair value of the plan assets at the end of the reporting period for each category, is as follows

	Fair value of plan assets as at		
	31-Mar-17	31-Mar-16	01-Apr-15
Corporate bonds	-	-	-
Equity mutual funds	-	-	-
Government securities	-	-	-
Insurer-managed funds	2.64	0.90	0.78
Total	**2.64**	**0.90**	**0.78**

The actual return on plan assets was ₹0.17 Million (for the year ended March 31, 2016: ₹ 0.12 Million).

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

If discount rate increases (decreases) by 1%, the defined benefit obligation would decrease by ₹1.20 million (increase by ₹1.12 million) as at March 31, 2017

If salary growth rate increases (decreases) by 1%, the defined benefit obligation would increase by ₹1.42 million (decrease by ₹1.35 million) as at March 31, 2017

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(Amounts in ₹ Million unless otherwise stated)

The average duration of the benefit obligation at March 31, 2017 is 4.27 years (as at March 31, 2016 is 5.97 years) This number can be analysed as follows:

Maturity profile of defined benefit obligation:

Particulars	As at		
	31-Mar-17	31-Mar-16	01-Apr-15
Within 1 year	26.15	13.26	15.84
1-2 year	14.74	9.55	9.64
2-3 year	8.88	6.57	6.61
3-4 year	5.55	4.26	4.84
4-5 year	3.40	3.11	3.86
5-10 year	4.75	7.03	9.75
> 10 years	5.49	8.10	72.72

36.3Share-based payments

Employee share option plan of the Company

(a) In the extraordinary general meeting held on 25 August, 2010, the shareholders had approved the issue of 1,800,000 options under the Scheme titled " Employee Stock Option Scheme 2010 (ESOP 2010). The ESOP 2010 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration committee grants the options to the employees deemed eligible. The exercise price of each option shall be at a price not less than the face value per share. The option holders may exercise those options vested based on passage of time commencing from the expiry of 4 years from the date of grant and those vested based on performance immediately after vesting, within the expiry of 10 years from the date of grant.

On 16 June, 2010, the Company granted options under said scheme for eligible personnel. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

In the extraordinary general meeting held on 31 March, 2015, the shareholders approved for accelerated vesting of options outstanding as at 31 March, 2015. Accordingly, all the options outstanding were vested in the hands of option holders as at 31 March, 2015. Further, the remaining options available for grant under ESOP 2010 were transferred to ESOP 2014 scheme.

(b) Pursuant to the shareholders' approval in the extraordinary general meeting held on 28 March, 2014 and 25 August, 2010, the Board of Directors formulated the Scheme titled "Employee Stock Option Scheme 2014" (ESOP 2014). The ESOP 2014 allows the issue of options to employees of the Company and its subsidiaries. Each option comprises one underlying equity share.

As per the Scheme, the Remuneration Committee grants the options to the employees deemed eligible. The Exercise Price shall be a price that is not less than the face value per share per option. Options Granted under ESOS 2014 would Vest not less than one year and not more than five years from the date of Grant of such Options. Vesting of Options would be a function of continued employment with the Company (passage of time) and achievement of performance criteria as specified by the Nomination and Remuneration Committee as communicated at the time of grant of options. The option holders may exercise those options vested within a period as specified which may range upto 10 years from the date of grant.

The Company granted 195,400 options to the eligible employees of the Company on 10 November, 2016. Also the Company granted 1,250,000 options to a Director of the Company on 1 April, 2014 and 110,100 options on 24 June, 2014 to the eligible employees out of which 637,000 options were exercised during the year. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

(Amounts in ₹ Million unless otherwise stated)

The grant date fair market value of the options granted through the stock option plan was measured based on Black Scholes method. Expected volatility is estimated by considering historic average share price volatility.

(c) The detail of fair market value and the exercise price is as given below:

Particulars	ESOP 2010	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	16-Jun-10	01-Apr-14	24-Jun-14	10-Nov-16	10-Nov-16
Fair market value of option at grant date (₹)	23.10	8.71	73.34	232.48	156.93
Fair market value of share at grant date (₹)	29.18	78.95	78.95	240.15	240.15
Exercise price (₹)	10.00	110.68	10.00	10.00	110.68

(d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: November 10, 2017 (ESOP 2014)			
	Vest 1 10 Nov 17	Vest 2 10 Nov 18	Vest 3 10 Nov 19	Vest 4 10 Nov 20
Variables	**10%**	**20%**	**30%**	**40%**
Risk Free Interest Rate	6.52%	6.73%	6.73%	6.70%
Expected Life	2.00	3.00	4.00	5.00
Expected Annual Volatility of Shares	28.98%	28.53%	30.45%	32.29%
Expected Dividend Yield	0.00%	0.00%	0.00%	0.00%

(e) Employee stock options details as on the Balance Sheet date are as follows:

Particulars	Year ended 31-Mar-17		Year ended 31-Mar-16	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (Rs.)
Option outstanding at the beginning of the year:				
- ESOP 2010	10,127	10.00	1,069,194	10.00
- ESOP 2014	724,090	96.90	1,360,100	102.53
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	195,400	25.46	-	-
Vested during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	929,457	105.91
Exercised during the year:				
- ESOP 2010	-	-	1,059,067	10.00
- ESOP 2014	637,000	108.78	636,010	108.94
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	10,127	10.00	10,127	10.00
- ESOP 2014	282,490	20.69	724,090	96.90

* Options available for grant under ESOP 2014 Scheme are 2,675,306 (previous year 2,870,706)

(Amounts in ₹ Million unless otherwise stated)

(f) At March 31, 2017, executives and senior employees held options over 292,617 equity shares of the Company, of which options over 195,400 equity shares will expire on November 9, 2026, options over 87,090 equity shares will expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020. At March 31, 2016, executives and senior employees held options over 734,217 equity shares of the Company, of which options over 625,000 equity shares were due to expire on March 31, 2024, options over 99,090 equity shares were due to expire on June 23, 2024 and remaining options over 10,127 equity shares will expire on 24 August 2020.

37 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

Particulars	Carrying value as at			Fair value as at		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Financial assets						
Amortised cost						
Loans	49.50	41.04	30.68	49.50	41.04	30.68
Trade receivable	1,032.20	695.42	552.65	1,032.20	695.42	552.65
Cash and cash equivalents	852.22	576.07	247.53	852.22	576.07	247.53
Other financial assets	617.09	460.27	395.92	617.09	460.27	395.92
FVTPL						
Investments in mutual fund (quoted)	113.25	635.37	-	113.25	635.37	-
Investments in mutual fund (unquoted)	1.20	1.20	1.20	1.20	1.20	1.20
Total assets	**2,665.46**	**2,409.37**	**1,227.98**	**2,665.46**	**2,409.37**	**1,227.98**
Financial liabilities						
Amortised cost						
Loans and borrowings	4,202.05	3,236.23	3,343.25	4,202.05	3,236.23	3,343.25
Trade payables	1,410.44	1,084.22	832.64	1,410.44	1,084.22	832.64
Other financial liabilities	1,416.57	1,240.22	1,105.24	1,416.57	1,240.22	1,105.24
Total liabilities	**7,029.06**	**5,560.67**	**5,281.13**	**7,029.06**	**5,560.67**	**5,281.13**

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.

38 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Amounts in ₹ Million unless otherwise stated)

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2017, March 31, 2016 and April 1, 2015.

Quantitative disclosures fair value measurement hierarchy	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value as at March 31, 2017				
Investment in mutual funds (quoted)	113.25	113.25	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-
Financial assets measured at fair value as at March 31, 2016				
Investment in mutual funds (quoted)	635.37	635.37	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-
Financial assets measured at fair value as at April 1, 2015				
Investment in mutual funds (quoted)	-	-	-	-
Investment in mutual funds (unquoted)	1.20	-	1.20	-

There have been no transfers among Level 1, Level 2 and Level 3 during each of the years presented above.

39 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and price risks which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

a) Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit Guarantees insurance is not purchased. The receivables are mainly unsecured, the Group does not hold any collateral or a guarantee as security. The provision details of the trade receivable is provided in Note 13.

(Amounts in ₹ Million unless otherwise stated)

For trade receivables, provision is provided by the company as per the below mentioned policy:

Particulars	As at		
	31-Mar-17	31-Mar-16	01-Apr-15
Self paid/private patients- amount due for			
< 2 months	2%	2%	2%
> 2 months	100%	100%	100%
Government			
0 - 6 months	9%	9%	9%
6 months - 1 year	17%	17%	17%
1 - 2 year	36%	36%	36%
2 - 3 year	57%	57%	57%
3 years and above	100%	100%	100%
TPAs (Third party Administrator)			
0 - 6 months	7%	7%	7%
6 months - 1 year	17%	17%	17%
More than 1 year	100%	100%	100%

The Group's exposure to customers is diversified. No single customer contributes to more than 10% of the outstanding receivable and unbilled revenue as of March 31, 2017, March 31, 2016 and April 1, 2015.

Geographic concentration of credit risk: The group has a geographic concentration of trade receivables and unbilled revenue in India.

b) **Investments and cash deposits**

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilised credit limits with banks.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Cash and cash equivalents	510.84	804.52	(45.18)
Investments in mutual funds (quoted)	113.25	635.37	-
Total	**624.09**	**1,439.89**	**(45.18)**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015:

Particulars	As at March 31, 2017				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	1,368.23	724.63	447.68	124.45	1,537.06
Trade payables	1,410.44	-	-	-	-
Other financial liabilities	615.39	5.58	791.33	4.27	

(Amounts in ₹ Million unless otherwise stated)

Particulars	As at March 31, 2016				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	777.89	741.16	525.63	87.18	1,104.37
Trade payables	1,084.22	-	-	-	-
Other financial liabilities	511.31	5.58	5.58	713.47	4.28

Particulars	As at March 31, 2016				
	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and above
Borrowings	684.32	471.27	355.40	261.54	1,570.72
Trade payables	832.64	-	-	-	-
Other financial liabilities	133.13	314.73	5.58	5.58	646.22

Foreign currency risk

The Group's exchange risk arises mainly from its foreign currency borrowings. As a result, depreciation of Indian rupee relative to these foreign currencies will have a significant impact on the financial performance of the Group. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Group has a foreign currency advisory committee which meets on a periodic basis to formulate the strategy for foreign currency risk management.

The following table presents unhedged foreign currency risk from financial instruments as of March 31, 2017, March 31, 2016 and April 1, 2015.

As at March 31, 2017 ₹in million

Particulars	US $	Euro	Pound Sterling	Total
Assets				
Cash and cash equivalents	11.04	-	-	11.04
Liabilities				
Borrowings	1,828.24	6.24	-	1,834.48
Payable on purchase of fixed assets	-	24.93	4.63	29.56
Net assets/liabilities	**(1,817.20)**	**(31.17)**	**(4.63)**	**(1,853.00)**

As at March 31, 2016 ₹in million

Particulars	US $	Euro	Pound Sterling	Total
Assets				
Cash and cash equivalents	24.55	-	-	24.55
Liabilities				
Borrowings	1,487.80	-	-	1,487.80
Payable on purchase of fixed assets	-	13.52	-	13.52
Net assets/liabilities	**(1,463.25)**	**(13.52)**	**-**	**(1,476.77)**

As at April 1, 2015 ₹in million

Particulars	US $	Euro	Pound Sterling	Total
Assets				
Cash and cash equivalents	22.24	-	-	22.24
Liabilities				
Borrowings	625.30	-	-	625.30
Net assets/liabilities	**(603.06)**	**-**	**-**	**(603.06)**

(Amounts in ₹ Million unless otherwise stated)

Every 5% increase or decrease of the respective foreign currencies compared to functional currency of the Group would not have any significant impact on the profits of the Group for the year ended March 31, 2017 and March 31, 2016, considering the Group's choice upon transition to Ind AS 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. Such risks are overseen by the Group's corporate treasury department as well as senior management.

40 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and total equity of the Group.

The capital structure is as follows:

Particulars	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Total equity attributable to the equity share holders of the Group	4,326.60	4,258.24	1,822.26
As percentage of total capital	56%	62%	37%
Current loans and borrowings	1,368.23	777.89	684.32
Non-current loans and borrowings	2,833.82	2,458.34	2,658.93
Total loans and borrowings	4,202.05	3,236.23	3,343.25
Cash and cash equivalents	852.22	576.07	247.53
Net loans & borrowings	3,349.83	2,660.16	3,095.72
As a percentage of total capital	44%	38%	63%
Total capital (loans and borrowings and equity)	**7,676.43**	**6,918.40**	**4,917.98**

41 Related Party Disclosure

Transactions and balances between the Company and its subsidiaries whichever mutual entities of the Company have been eliminated and are not disclosed in this note.

41.1 Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	**Whole-time director**
	Dr. B S Ajaikumar, Chairman
	Non-executive directors
	Gangadhara Ganapati
	Shanker Annaswamy
	Sampath T Ramesh
	Sudhakar Rao
	Suresh C Senapaty
	Bhushani Kumar
	Dr. B S Ramesh (From 10 November 2016)
	Dr. Amit Varma (From 10 November 2016)
Relatives of KMP	Ms.Anjali Ajaikumar (Daughter of Dr B S Ajaikumar)
Company in which KMP / Relatives of KMP can exercise significant influence	JSS Bharath Charitable Trust
	Bharath Hospital and Institute of Oncology
	Sada Sarada Tumor & Research Institute
	B.C.C.H.I Trust
	HCG Foundation
	Gutti Malnad LLP
	Health Care Process Solutions (India) Private Limited

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

41.2 Details of related party transactions during the year:

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
Sale of pharmacy products and consumables		
- Sada Sarada Tumor & Research Institute	47.10	46.34
- Gutti Malnad LLP	0.58	0.57
Income from Medical services		
- JSS Bharath Charitable Trust	10.01	12.24
- HCG Foundation	3.34	5.09
- Sada Sarada Tumor & Research Institute	7.47	6.00
Rent charges		
- Sada Sarada Tumor & Research Institute	0.54	0.47
Security deposit received		
- Sada Sarada Tumor & Research Institute	1.10	1.50
Short-term employee benefits to:		
- Dr. B S Ajaikumar (Refer note 41.4)	27.98	24.30
- Ms. Anjali Ajaikumar	0.39	-
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.		
Professional charges		
- Dr. B S Ramesh	3.20	-
Expenditure on allotment of ESOPs		
- Gangadhara Ganapati	0.91	2.28
Sitting fees to Directors		
- Shanker Annaswamy	1.05	0.85
- Sampath T Ramesh	0.65	0.75
- Sudhakar Rao	0.70	0.80
- Suresh C Senapaty	0.85	0.85
- Bhushani Kumar	0.25	0.60
Proceeds from allotment of shares to		
- Dr. B S Ajaikumar	-	106.62
- Gangadhara Ganapati - (Pursuant to ESOP scheme 2014)	69.18	-

(Amounts in ₹ Million unless otherwise stated)

41.3 Details of related party balances outstanding:

	Balances outstanding as at	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-15
	Trade receivables			
-	JSS Bharath Charitable Trust	3.47	4.01	5.73
-	Sada Sarada Tumor & Research Institute	32.63	24.20	39.50
-	B.C.C.H.I. Trust	0.25	0.25	-
-	HCG Foundation	14.02	15.79	16.01
-	Gutti Malnad LLP	1.15	0.57	-
	Other Financial Assets - Current			
-	Sada Sarada Tumor & Research Institute	2.60	1.90	1.67
-	B.C.C.H.I. Trust	0.08	0.08	0.08
-	HCG Foundation	0.04	1.00	2.47
	Security deposits (refundable) with			
-	Sada Sarada Tumor & Research Institute	0.50	1.60	3.10
-	Gutti Malnad LLP	3.50	3.50	3.50
	Trade payables			
-	Dr. B S Ajaikumar	10.56	10.55	14.80
-	Sada Sarada Tumor & Research Institute	0.01	0.01	0.01
-	B.C.C.H.I. Trust	-	-	0.02
-	HCG Foundation	0.02	-	-

41.4 Managerial remuneration for the year ended March 31, 2017:

Dr. B.S. Ajaikumar was re-appointed as the Chairman & CEO of the Company for a period of 4 years with effect from July 1, 2015. In terms of the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, the maximum amount of remuneration payable to the Chairman & CEO of the Company for the year ended March 31, 2017 amounts to ₹ 24.37 Million (of which, ₹ 17.42 Million has been paid during the year then ended). Based on the approval of the Nomination and Remuneration Committee of the Company, the Board of Directors have proposed and accrued an additional remuneration of ₹ 3.61 Million to the Chairman & CEO of the Company in excess of the limits specified under the Companies Act, 2013, which is subject to the approval of the Central Government, for which the Company is in the process of filing the necessary application. This additional remuneration will be paid on receipt of the approval from the Central Government.

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

42 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows

Name of the subsidiary	Place of Incorporation and Operation	Proportion of ownership interest and Voting Power Held By The Group		
		31-Mar-17	31-Mar-16	01-Apr-15
HCG Medi-Surge Hospitals Private Limited	India	74.00%	74.00%	74.00%
Malnad Hospital & Institute of Oncology Private Limited	India	70.25%	70.25%	70.25%
HealthCare Global Senthil Multi Specialty Hospital Private Limited	India	100.00%	100.00%	100.00%
Niruja Product Development and Research Private Limited (*formerly known as MIMS HCG Oncology Private Limited*)	India	100.00%	100.00%	100.00%
HCG TVH Medical Imaging Private Limited [refer note 29)]	India	NA	NA	51.00%
BACC Healthcare Private Limited	India	50.10%	50.10%	50.10%
HealthCare Diwan Chand Imaging LLP	India	75.00%	75.00%	75.00%
HCG Pinnacle Oncology Private Limited	India	50.10%	50.10%	50.10%
HealthCare Global (Uganda) Private Limited	Uganda	100.00%	100.00%	100.00%
HealthCare Global (Kenya) Private Limited	Kenya	100.00%	100.00%	100.00%
HealthCare Global (Tanzania) Private Limited	Tanzania	100.00%	100.00%	100.00%
Apex HCG Oncology Hospitals LLP	India	50.01%	50.01%	50.01%
HCG Regency Oncology Healthcare Private Limited	India	51.00%	50.10%	50.10%
HCG Oncology LLP	India	74.00%	74.00%	NA
DKR Healthcare Private Limited (*formerly known as Parenthood Healthcare Private Limited*)	India	50.10%	50.10%	50.10%
HCG NCHRI Oncology LLP	India	76.00%	NA	NA
HCG Manavata Oncology LLP	India	51.00%	NA	NA
HCG EKO Oncology LLP	India	50.50%	NA	NA
HCG (Mauritius) Private Limited	Mauritius	100.00%	100.00%	NA
HealthCare Global (Africa) Private Limited	Mauritius	100.00%	100.00%	NA

The principal activity of all the above mentioned subsidiaries is providing Healthcare services.

42.1 Common Control Transactions

Transfer of cancer care center business of the Company in Nashik to its subsidiary - HCG Manavata Oncology LLP

Pursuant to the Business Transfer Agreement dated March 14, 2017, all business and commercial rights related to the Cancer Center operated by the Company from Nashik, has been transferred to its subsidiary, HCG Manavata Oncology LLP, as a going concern. The Company has 51% stake in HCG Manavata Oncology LLP. As per the assessment carried out by the directors of the Company, the Group has sufficient management rights to unilaterally direct the relevant activities of such entities and therefore the Group has control over HCG Manavata Oncology LLP. As the aforesaid transfer of business is to an entity with common control, the assets and liabilities in the consolidated financial statements continue to be reflected at their carrying amounts. Consequential changes in non-controlling interest of HCG Manavata Oncology LLP on transfer of aforesaid business and further investments by the Company is recognised in the equity.

Notes to the Consolidated financial statements

(Amounts in ₹ Million unless otherwise stated)

43 Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest:

Name of the entity	Net assets (total assets minus total liabilities) as at 31-Mar-17		Share of profit or loss for the year ended 31-Mar-17		Other Comprehensive Income		Share of total comprehensive income for the year ended 31-Mar-17	
	As % of consolidated net assets	Rs. Million	As % of consolidated profit or loss	Rs. Million	As % of consolidated Other com Income	Rs. Million	As % of consolidated total com Income	Rs. Million
1) Parent								
HealthCare Global Enterprises Limited *	74.38%	3,645.76	96.55%	222.50	262.50%	(0.84)	96.33%	221.66
2) Subsidiaries								
a) Indian								
HCG Medi-Surge Hospitals Private Limited	3.03%	148.64	20.45%	47.07	(103.13%)	0.33	20.60%	47.40
HCG Regency Oncology Healthcare Private Limited	5.35%	262.18	(2.13%)	(4.90)	0.00%	-	(2.13%)	(4.90)
HCG NCHRI Oncology LLP	1.68%	82.20	2.72%	6.27	0.00%	-	2.72%	6.27
Niruja Product Development and Research Private Limited (*formerly known as MIMS HCG Oncology Private Limited*)	(0.03%)	(1.27)	(0.11%)	(0.26)	0.00%	-	(0.11%)	(0.26)
Malnad Hospital & Institute of Oncology Private Limited	0.19%	9.51	1.27%	2.93	(6.25%)	0.02	1.28%	2.95
HealthCare Global Senthil Multi Specialty Hospital Private Limited	(0.60%)	(29.31)	(0.08%)	(0.19)	0.00%	-	(0.08%)	(0.19)
Healthcare Diwan Chand Imaging LLP	0.55%	26.98	(1.84%)	(4.24)	0.00%	-	(1.84%)	(4.24)
BACC Healthcare Private Limited	6.70%	328.59	14.27%	32.83	0.00%	-	14.27%	32.83
DKR Healthcare Private Limited (*formerly known as Brent Hood Healthcare Private Limited*)	0.74%	36.18	8.16%	18.78	(6.25%)	0.02	8.17%	18.80
Apex HCG Oncology Hospitals LLP	2.72%	133.45	0.23%	0.54	0.00%	-	0.23%	0.54
HCG Pinnacle Oncology Private Limited	(1.02%)	(49.87)	(17.57%)	(40.43)	(31.25%)	0.10	(17.53%)	(40.33)
HCG Oncology LLP	0.93%	45.82	(24.07%)	(55.39)	(21.88%)	0.07	(24.04%)	(55.32)
HCG EKO Oncology LLP	0.10%	5.00	0.00%	-	0.00%	-	0.00%	-
HCG Manavata Oncology LLP	4.61%	225.77	3.89%	8.95	6.25%	(0.02)	3.88%	8.93

(Amounts in ₹ Million unless otherwise stated)

Name of the entity	Net assets (total assets minus total liabilities) as at 31-Mar-17		Share of profit or loss for the year ended 31-Mar-17		Other Comprehensive Income		Share of total comprehensive income for the year ended 31-Mar-17	
	As % of consolidated net assets	Rs. Million	As % of consolidated profit or loss	Rs. Million	As % of consolidated Other com Income	Rs. Million	As % of consolidated total com Income	Rs. Million
b) Foreign								
HealthCare Global (Uganda) Private Limited	0.04%	1.91	(0.12%)	(0.28)	0.00%	-	(0.12%)	(0.28)
HealthCare Global (Kenya) Private Limited	(0.16%)	(7.92)	(3.72%)	(8.57)	0.00%	-	(3.72%)	(8.57)
HealthCare Global (Tanzania) Private Limited	0.01%	0.32	0.05%	0.12	0.00%	-	0.05%	0.12
HCG (Mauritius) Pvt. Ltd	0.42%	20.39	0.49%	1.13	0.00%	-	0.49%	1.13
Healthcare Global (Africa) Pvt. Ltd	0.34%	16.89	1.55%	3.57	0.00%	-	1.55%	3.57
Total	**100.00%**	**4,901.22**	**100.00%**	**230.43**	**100.00%**	**(0.32)**	**100%**	**230.11**
3) Minority Interest		(574.62)		(8.70)		(0.09)		(8.79)
Total		**4,326.30**		**221.73**		**(0.41)**		**221.32**

*after considering consolidation adjustments

Notes

Corporate information

Board of Directors

Dr. B. S. Ajaikumar - Chairman

Mr. Gangadhara Ganapati

Dr. Sudhakar Rao

Mr. Shanker Annaswamy

Dr. Sampath. T. Ramesh

Mr. Suresh C. Senapaty

Mrs. Bhushani Kumar

Dr. Amit Varma

Dr. B. S. Ramesh

Chief Financial Officer

Mr. Yogesh Patel

Company Secretary

Ms. Sunu Manuel

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
Deloitte Centre, Anchorage II 100/2,
Richmond Road, Bengaluru - 560 025
Karnataka.

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot 31-32 Gacchibowli,
Financial District Nanakramguda,
Hyderabad - 500 032

Registered Office:

HCG Tower, No. 8, P Kalinga Rao Road,
Sampangi Rama Nagar,
Bengaluru - 560 027,
Karnataka, India

Corporate Office:

Tower Block, Unity Building Complex,
No. 3, Mission Road,
Bengaluru - 560 027,
Karnataka, India

E-mail: investors@hcgoncology.com
Website: www.hcgel.com

CIN

L15200KA1998PLC023489

adding life to years

HealthCare Global Enterprises Limited

REGISTERED OFFICE:
HCG Towers, No. 8, P. Kalinga Rao Road, Sampangi Rama Nagar,
Bengaluru - 560 027, Karnataka,India.
CIN: L15200KA1998PLC23489

CORPORATE OFFICE:
Tower Block, Unity Building Complex
No. 3, Mission Road, Bengaluru - 560 027, Karnataka,India.

Telephone: +91-80-4020 6000

E-mail: investors@hcgoncology.com.
Website: www.hcgel.com