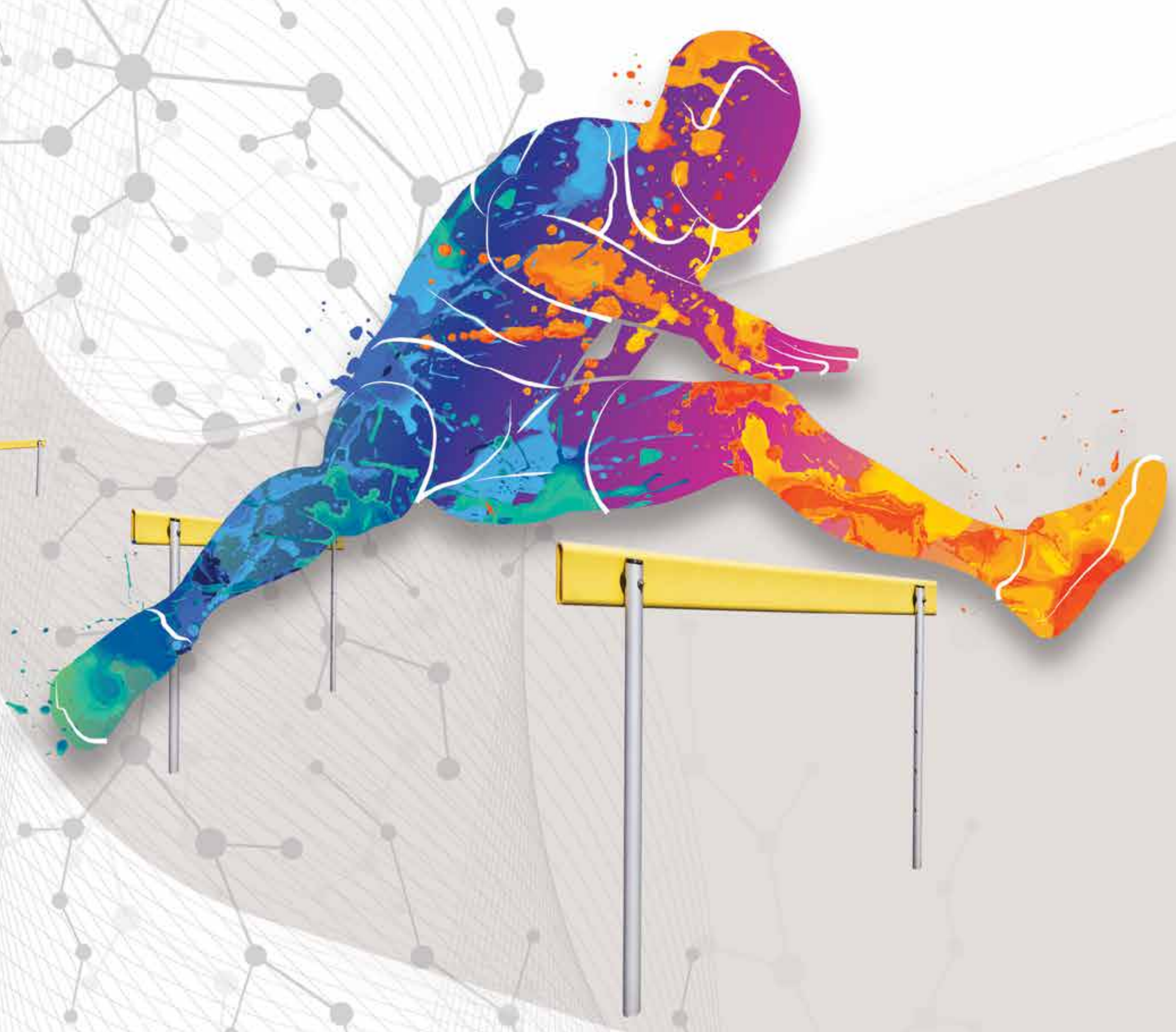


HCG™

adding life to years

HealthCare Global Enterprises Limited
Annual Report 2019-20

About the Report

The Annual Report of 2019-20 shares an overview of HCG's care continuum with a focus on its approach to value creation for stakeholders across verticals. Our second Annual Report, adopting some of the elements of the structure as described in the Integrated Reporting framework<IR> as defined by the International Integrated Reporting Council (IIRC), provides a comprehensive outlook about our value-creation philosophy. The key developments of the last fiscal has been highlighted through this annual report, taking into consideration our performance, plans and strategies for the future.

REPORTING SCOPE AND PERIOD

The Integrated Report largely focuses on information from business operations of **HCG Enterprises Ltd's oncology operations**, aptly disclosed through six capitals as defined by International Integrated Reporting Council (IIRC). All the six capitals cover information on consolidated basis. The Integrated Report considers the primary reporting period as April 01, 2019 to March 31, 2020. However, some of the sections of the report represent facts and figures of previous years, of our multispecialty and fertility operations, as well as our associate companies including HCG Africa and Strand, to provide a comprehensive view to the readers – and especially anyone whose success is dependent on HCG, such as our patients, employees, investors and other stakeholders.

REPORTING FRAMEWORK

The report follows some of the element of the International <IR> Framework as developed by IIRC (www.integratedreporting.org) and should be read in conjunction with the financial statements included herein and the notes thereto. The financial and statutory data presented is in accordance with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable laws.

The report is divided into six capitals with adoption of integrated reporting framework as laid out by the International Integrated Reporting Council (IIRC). Followed by Board report and financial statements.

FINANCIAL CAPITAL

Capital available, deployed and returns generated by HCG Enterprises Ltd.

INTELLECTUAL CAPITAL & MANUFACTURED CAPITAL

Business model, systems and processes, brands, data, hospital infrastructure and medical equipment

HUMAN CAPITAL

Our team of professionals including clinical specialists, paramedical, nursing, management and administrative staff

RELATIONSHIP CAPITAL

Strategic partnerships, joint ventures, networks and social contributions

NATURAL CAPITAL

Our responsibility towards preserving earth's resources

ASSURANCE

To ensure the integrity of facts and information, the Board of Directors and management have reviewed the Integrated Report and have carried out the independent assurance on sustainability disclosures presented in the report. The statutory auditors, KPMG India Limited have provided assurance on the financial statements and the 'Independent Auditor's Report' has been duly incorporated as a part of this report.

FORWARD LOOKING STATEMENT

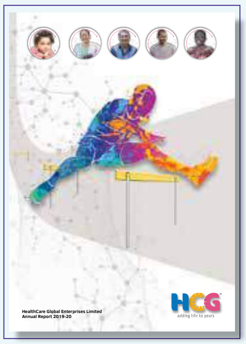
Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

STAKEHOLDER FEEDBACK

We welcome and appreciate any constructive input and feedback from stakeholders with regard to the content of this report.

- **Email: investors@hcgoncology.com**
- **Mail: HealthCare Global Enterprises Ltd., #3 Tower Wing, Unity Buildings Complex, Mission Road, Bangalore 560027**
- **Website: https://hcgel.com/**

ANNUAL REPORT 2019-20



HCG's dedication to set new standards of healthcare allows the company to continuously excel in its field and lead the way. A creative rendition on the cover page illustrates the company's optimism and enthusiasm to surpass hurdles and aim for success.

Visit our website to view this report online
www.hcgel.com

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

About HCG

The leading private cancer care provider in India, HealthCare Global Enterprises Limited (HCG) has constantly addressed the growing healthcare needs of patients in India. Since inception in 1989, we have successfully built multi-disciplinary specialist teams and developed state-of-the-art infrastructure to deliver superior quality care.

Our endeavour is to provide highest quality oncology services in India and Africa while ensuring long-term financial and operational sustainability. We have acted as a beacon of hope for thousands of cancer patients and their families, delivering patient-centric care with compassion. At HCG, we mix innovation with technology to provide affordable, yet excellent treatment. Over the years, we have earned the trust and loyalty of our patients to emerge as a strong, successful and responsible brand. Our relentless focus on advanced technologies, successful clinical outcomes and the extensive experience of specialist physicians help us to further diversify our offerings. To address new-age healthcare challenges, we have also invested in fertility treatment, precision medicine and multi-specialty hospitals with tertiary care.

About HCG

VISION

Adding life to years by redefining healthcare through global innovation

MISSION

To be an acclaimed healthcare institution in pursuit of medical excellence through valuebased medicine

VALUES

QUALITY

Enabling patients to achieve better lives

INTEGRITY

We are honest, forthright and are responsible corporate citizens

COLLABORATION

Limitless possibilities of collaborative energy and teamwork

INNOVATION

Innovative ways to ensure better medical outcomes

LEADERSHIP

We strive to be the best at what we do, both as a company and as individuals

OUR BRANDS

HCG The Specialist in Cancer Care
adding life to years

milann The Fertility Specialists

strand New Generation Healthcare

HCG
adding life to years

OUR COMPREHENSIVE CARE NETWORK

22
Comprehensive Cancer Centres

3
Freestanding Diagnostic centers

4
Multispecialty hospitals*

8
Fertility centres

20
High quality laboratories

2071
Operational beds

17
PET-CT scanners

67
Operation Theatres

29
Linear accelerators

*Bhavnagar multispeciality center also offers comprehensive cancer services and hence is counted in CCC and MS centers both

Our Business Overview

As a renowned and trusted brand, HCG has developed a niche as a leading healthcare provider, offering focused medical specialties through its dedicated platforms. HCG today is synonymous with quality cancer care in India and abroad. It has also established itself as a reproductive and precision medicine specialist offering quality care and ensuring excellence across its service portfolio.

HCG – THE CANCER CARE SPECIALIST

HCG is one of the largest private cancer care provider in India, offering comprehensive cancer diagnosis and treatment facilities including radiation therapy, medical oncology and surgery. Our team of specialist radiation, medical and surgical oncologists, nuclear medicine experts, radiologists, pathologists and other experts are working round the clock to provide quality care to patients in India and Africa.

22
Comprehensive cancer care centres

Pioneer
In the field of oncology with a strong emphasis on quality and outcome

9
States of presence

397
Oncologists

1838
Nurses

MILANN - THE REPRODUCTIVE MEDICINE SPECIALIST

Milann, HCG's reproductive medicine business is a one-stop solution for fertility treatments. With a team of expert fertility specialists and embryologists, we provide comprehensive services for assisted reproduction, gynaecological endoscopy and fertility preservation, to enable efficient and effective clinical solutions for complex issues. We have also been recognised as a premier training institute in India.

5,481
New couple registrations

18+
IVF specialists

10+
Embryologists

2,195
IVF Cycles in FY 2019-20

4
Annual FNB seats (IVF Fellowship programs) -National Board of Examinations under the Ministry of Health and Family Welfare, Government of India

strand
New Generation Healthcare

STRANDS - THE PRECISION MEDICINE SPECIALIST

We are a Leading Global Life Sciences Research and Clinical Diagnostics Company providing an integrated platform for next generation precision medicine. Our offerings include bioinformatics, research services and specialised clinical diagnostic services through an extensive network of labs across India. Our team comprises of expert Pathologists, Geneticists, Computer Scientists, Life Scientists and researchers from the world's best institutions.

50+
Scientists

50+
Engineers

30+
Clinical trials

~300K
Specialized tests performed in FY 2019-20

1,000+
Published citations

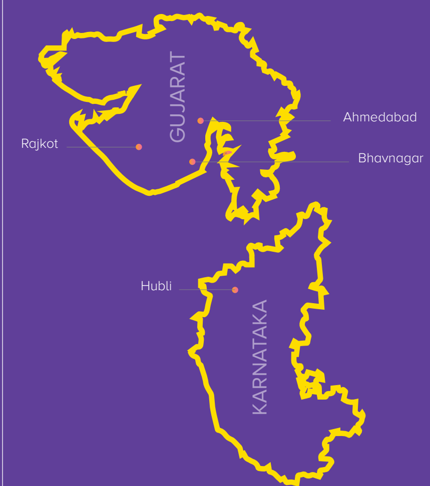
3,500+
Genomic tests performed in FY 2019-20

HCG – MULTISPECIALTY HOSPITAL

Our multispecialty hospitals provide complete healthcare services including cardiology, neurology, orthopaedics, gastroenterology, urology, internal medicine and pulmonary and critical care. We operate our state-of-the-art facilities in Ahmedabad, Bhavnagar, Rajkot and Hubli, to provide quality care with convenience.

50
Doctors

492
Nurses



HCG - AFRICA

To offer quality cancer care in Africa, we acquired a treatment centre as an extension of our India business. We have established the centre in partnership with Cancer Care Kenya (CCK) in Nairobi, with an endeavour to make quality cancer care easily accessible and affordable for patients. It also helps to maintain continuity of care for medical tourism patients.

959
New patient registrations

11%
YoY revenue growth

US$ 1.7 Mn
Revenue from the establishment in FY 2019-20

adding life to years

milann
The Fertility Specialists

Joy

For infertile couples

Knowledge

through diagnostics, technology and research

strand
New Generation Healthcare

Chairman's Message

"Our revenue from operations* grew by 11.9% YoY from ₹ 9,787 Mn in FY 2018-19 to ₹ 10,956 Mn in FY 2019-20"

*including income from government grant

Dear Shareholders,

Namaste HCG.

We are living in unprecedented times, which have been probably faced by humanity only on few occasions across centuries. Healthcare industry is facing huge challenges because of the pandemic affecting the macro economic environment and the dynamics are still playing out, with no clear end in sight. Amid uncertainties in the global economy and industry dynamics, at HCG we have focused on consolidating our positions and being resilient to deliver sustained performance for the fiscal year 2020. We continue to be guided by our strategic priorities, underpinned by our commitment to ethical and transparent conduct and a zeal to provide affordable and comprehensive cancer care to a larger section of the society.

Industry scenario

As per the data from National Health Profile 2019, incidents of cancer have risen significantly from 2017 onwards and continues to grow. Cancer is one of the major causes of death worldwide and a growing number of cancer cases can be attributed to genetics as well as lifestyle changes. In emerging countries like India, there is also a need for developing newer ways of treating cancers across masses along with the requirement for a strong medical infrastructure. Private and public enterprises should endeavour to collaborate for delivering universal healthcare which will benefit several stakeholders, including patients and industry at large towards creating a healthy population for the future. Health and education are the key pillars for economic improvement of any country and for India to become a developed country, we need universal healthcare systems.

Rising against all odds

At the start of FY 2019-20, India's drug pricing authorities, using extraordinary powers, had fixed margin caps on 42 cancer drugs, based on the price at the first point of sale by the pharmaceutical companies or price to stockists. This impacted the ability of cancer hospitals to provide cross-subsidy wherein the profits from patients who have affordability are set-off against subsidies provided to economically challenged patients. The outbreak of Covid-19 also affected our operations. Occupancy rates fell and procedures couldn't be completed across hospitals. However, as lockdowns were lifted in phases, we witnessed some recovery at some of our facilities. But, uncertainty prevailed due to growing number of COVID cases, with lockdowns being reinforced in certain regions. Even during COVID pandemic break-out, HCG has not only taken utmost measures to protect our patients and employees, but also being at the forefront through our research capabilities and launched several initiatives to fight this situation. Over the years, our achievements have been recognized by Harvard, SEO Economics (Amsterdam), Newsweek and Times Health rankings and HCG has always received remarkable accolades. This is a testament to the value of the relentless work done by our doctors and staff of HCG and years of dedicated focus on R&D, including plasma therapy and plasma bank, academics, innovation etc. which is integral across the HCG ecosystem.

Operational Highlights

In spite of uncertain circumstances, we continue to rise above challenges and take concrete steps towards improving our performance and long-term sustainability. We continue to take aggressive go-to-market strategies to build our brand reputation and spread awareness about cancer, advanced treatment procedures and educate people about the benefits of early detection.

In line with our endeavour to bring quality cancer care to the patient's door step, we extended our presence in eastern India with the commencement of comprehensive services at our Kolkata center. The center has been largely accepted and appreciated by patients for quality care with a focus on high-end procedures including Bone Marrow Transplants (BMT). We also improved our technological prowess with the introduction of Cyberknife at our new cancer care center in South Mumbai. The advanced Cyberknife technology has been introduced in Western and Central India for the very first time and marks the second instance for using such a technology in the HCG network, after Bangalore. The year also saw the launch of oncology services in Bhavnagar, which has led to significant improvements in profitability and returns of HCG hospital, Bhavnagar. Further, our multi-specialty center in Rajkot achieved break-even EBITDA in Q3 of FY 2019-20. In the past 36 months, we have launched 7 new cancer care facilities across the country, reaching out to more cancer patients across metros as well as Tier-I & Tier-II cities.

Financial Performance

Our financial performance, this year, is a reflection of the challenging market conditions witnessed by us. Our revenue from operations* grew by 11.9% YoY from ₹ 9,787 Mn in FY 2018-19 to ₹ 10,956 Mn in FY 2019-20. Our operating EBITDA# stood at ₹ 1,722 Mn in FY 2019-20, in comparison to ₹ 1,252 Mn in FY 2018-19. Our operating EBITDA# margin stood at 15.7% in the year under review, increasing by 292 bps against the previous year. The margin for the year had negative impact from margin cap on oncology drugs.

We continue to witness strong growth in revenue and remain focused on consolidating our market share across our key areas of operation in Maharashtra and Gujarat. While HCG centres contributed around ₹ 10,255 Mn in total revenues, registering a growth of 12.2% YoY, Milann centres added ₹ 701 Mn to our revenue, a growth of 9% YoY. Despite challenging market conditions, we have successfully raised funds to deleverage the balance sheet substantially and support our expansion plans.

Our People

In a critical and challenging business arena, our people form the backbone for our success. With a team of over 6,000 trained professionals including 400+ oncologists, radiologists, pathologists and specialists, we continue to build the premises for delivering our promise of 'adding life to years'. We understand the importance of fostering an inclusive and engaging work culture, and therefore, make efforts to ensure overall development of our people.

Outlook

The year under review has been a testing one. But, our resilience and resolve to emerge stronger helped us to tide through tough times while remaining focused on the needs of our patients. Our unique business model, experience, expertise and technological know-how has established our foothold as a trusted oncology brand in India. To create a differentiating position, we significantly invest in modern technology to provide world-class treatment at our centres. Our constant R&D investments also keep us a step ahead of the others, allowing us to adopt innovative methods to treat people and address growing concerns.

Milann and HCG Africa have also emerged stronger from the challenges in the previous years and we are now looking forward at value accretive strategies for these businesses. The opportunity continues to be compelling, with large addressable markets and leadership position in the specific domains across both these businesses. At Strand, our associate company, we are excited about their progress in precision medicine space, as healthcare moves fast into areas where confluence of technology and biology will push early-detection, quality and outcome benchmarks in the future.

We are adopting several digital initiatives across the organization, which will drive transformation across the value chain, especially in patient care, while improving internal efficiencies and processes.

At HCG, we believe our accomplishments are a result of the hard work, dedication and sincerity of our team. So, it is time to express my appreciation towards the Board, the management, our clinicians and all our healthcare professionals and employees for their immense contribution to the success of HCG. I would also like to extend my gratitude to our shareholders and other stakeholders for your continued support, trust and faith in the company.

Looking ahead, we are fortunate to have completed the preferential allotment transaction of ₹ 651 crores with a very credible and long-term partner in form of CVC. This significantly reduces the debt and leverage on our balance sheet and shifts focus towards healthy cash flow generation as we near our inflexion point to realize benefits of our substantial past investments. The future opportunities are immense, and we remain motivated to carry forward the care continuum, satisfying the needs of our patients and fulfilling our promise of adding life to years.

Looking ahead, we remain motivated to carry forward the care continuum, satisfying the needs of our patients and fulfilling our promise of adding life to years.

Regards,

Dr. B. S. Ajaikumar
Chairman

*including income from government grant

Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption have not been retrospectively adjusted for the year ended 31 March 2019 and previous period financials are not comparable.

Our Financial and Operational Metrics

REVENUE FROM OPERATIONS*
(₹ in lakhs)

FY 2020	1,09,564
FY 2019	97,867
FY 2018	83,069
FY 2017	70,010
FY 2016	58,417

OPERATING EBITDA#
(₹ in lakhs)

FY 2020	17,219
FY 2019	12,519
FY 2018	11,882
FY 2017	10,499
FY 2016	8,476

OPERATING EBITDA MARGIN#
(in %)

FY 2020	15.7
FY 2019	12.8
FY 2018	14.3
FY 2017	15.0
FY 2016	14.5

AVERAGE OCCUPANCY RATE
(IN %)

FY 2020	42.9
FY 2019	43.7
FY 2018	44.5
FY 2017	46.9
FY 2016	51.0

*including income from government grant
Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption have not been retrospectively adjusted for the year ended 31 March 2019 and previous period financials are not comparable.

BEDS
(in no.)

FY 2020	2071
FY 2019	1872
FY 2018	1569
FY 2017	1364
FY 2016	1146

AVERAGE LENGTH OF STAY (ALOS)
(in days)

FY 2020	2.27
FY 2019	2.25
FY 2018	2.39
FY 2017	2.86
FY 2016	2.93

NEW PATIENT REGISTRATION ACROSS OUR CANCER CENTERS

FY 2020	68,182*
FY 2019	72,110
FY 2018	55,332
FY 2017	41,599
FY 2016	37,256

AVERAGE REVENUE PER OCCUPIED BED (ARPOB)
(IN ₹)

FY 2020	32,767
FY 2019	31,423
FY 2018	30,832
FY 2017	29,122
FY 2016	26,700

*FY 2019-20 registrations exclude camp patients (at few locations) to reflect more qualitative aspects while adoption of digital systems, hence are not directly comparable with earlier periods.

Dynamic Operating Environment

As an oncology service provider with operations in emerging markets like India and Africa, we witness a dynamic operating environment with constant shifts in medical needs. We have identified trends that have a significant impact on the healthcare sector and they are likely to influence our operations going forward.

Changing demographics

Trend:

There has been a constant rise in the number of cancer cases in India due to demographic shifts like fast-paced lifestyles, unhealthy eating habits and addiction to alcohol and tobacco. The massive socio-economic inequality in India also results in poor access to healthcare facilities and it calls for more effective measures and treatment methods to tackle these issues.

Relevance to us:

With rising incidence of cancer, the demand for quality care, treatment and diagnosis is likely to increase. HCG's team of specialists remain committed to fight the battle against cancer with the largest footprint and infrastructure across private hospitals on a pan-India basis.

Cost of care

Trend:

The cost of care continues to increase and it is expected to become unaffordable for a large majority of patients, thereby reducing margins for healthcare providers who strive to offer quality care at competitive rates. The financial burdens of cancer care is extremely high and many families suffer in the absence of quality care. Although government programs like Ayushman Bharat National Health Protection Mission aims to deliver universal health care, its implementation across the length and breadth of the country is likely to be quite challenging.

Relevance to us:

To remain competitive, we continue to rely on optimal utilization of equipment, centralized drugs and favourable terms of purchase to finance varied medical equipment. It enables us to ensure affordability without compromising quality care through economies of scale.

Evolving technological landscape

Trend:

Only few Indian hospitals, at present, are equipped with the finest technology and state-of-the-art infrastructure to deal with complex cancer cases. Most facilities are not at par with international standards of care. Hospitals are struggling to adopt artificial intelligence based screening solutions. There is need for significant investments in prevention techniques, vaccinations, cancer awareness and screening, along with a focus on clinical research and studies for developing better procedures and techniques to battle the menacing disease. Cutting edge technologies such as Cyclotron and PET-CT have been introduced in the Indian subcontinent. Nanotechnology is being actively resorted to by researchers to selectively treat cancer cells and enhance the efficacy of certain treatments.

Relevance to us:

With a constantly evolving technological landscape, at HCG we continue to improve our technological competencies to increase efficiencies and transform cancer care. We strive to deliver excellent treatment with the help of patient monitoring through e-ICUs, teleradiology, tele-pathology and auxiliary services. It not only enhances the quality of clinical outcomes, it also helps us to serve our patients better.

Growing Consumerism

Trend:

The number of cancer cases is constantly rising in India. At the moment, India ranks third in terms of the maximum number of cancer cases, after China and the USA. Various factors like ignorance about the disease and its symptoms and a delay in visiting medical experts for proper diagnosis often leads to complications. Consumption of tobacco, obesity, lack of access to quality healthcare facilities and unhealthy lifestyles have largely contributed to the growing incidences of cancer and it is anticipated to grow by 30 per cent in the next 5 years. With growing awareness, people have started investing in better healthcare plans and carry out extensive research to avail the best treatments.

Relevance to us:

Staying at the forefront of oncology care, our focus always remains on delivering patient-centric care at affordable rates. Therefore, we undertake initiatives to measure patient satisfaction and aim to deliver the best possible treatments, prioritizing the health of each patient as our utmost responsibility.

Timely and Accurate Treatment

Trend:

With rising awareness and a constant focus on advanced technology, a large number of cases can be diagnosed at early stages, facilitating accurate and timely treatment. Clinicians are resorting to machine learning, which they believe will enable them to develop patient-specific cancer treatments by analyzing individual biology, and it is likely to contribute towards accurate treatments.

Relevance to us:

We constantly invest in new-age technologies and data analytics to enable accurate diagnosis and treatment of patients. We have also organized awareness campaigns to educate people about cancer and the benefits of timely treatment.

Health Literacy

Trend:

The oncology sector lays great emphasis on spreading awareness about cancer. Health camps are regularly organized in different parts of the country, including rural areas, to educate the masses about early detection and repercussions of cancer. Health literacy is anticipated to be an effective measure to detect and cure this dreaded illness. It would enable patients to make better choices in terms of hospital selection and treatment.

Relevance to us:

HCG organizes screening camps to spread awareness about cancer. To facilitate early detection, we educate and inform people about the symptoms of cancer and the best medical facilities available in India. As part of our CSR initiative, we have also set up mobile clinics to ensure accessibility to advanced cancer screening and early diagnosis in remote parts of the country.

Delivering on our Strategy

We, at HCG, are committed to deliver excellence in oncology care and maximize value creation for stakeholders by providing accessible, high-quality and patient-centric services. As a leading cancer care provider in India, we endeavour to build a growing, sustainable and cash surplus organization that provides consistent return on capital. By leveraging our three fold strategy of focus, accelerate and evolve, we strive to deliver clinical excellence, while abiding by the principles of responsibility and sustainability to derive long term value creation for our stakeholders.

Focus

We constantly focus on building our core competencies to address various challenges and mitigate risks.

Strategic priority	Progress in FY 2019-20
Quality and Infrastructure Since our inception, we are committed to provide quality cancer care treatment to our patients, leveraging our state-of-the-art infrastructure across the country.	• First-of-its kind technology and solutions used to treat patients • Introduced HCG virtual OPD • Among first cancer care providers in India to standardise molecular diagnostics technology
Sustainability Achieve our short and long-term goals through prudent financial risk management and active engagement with all stakeholders	• **11.9%** YoY growth in revenue • Maintaining Asset Light business model to improve RoCE • **~40%** YoY reduction in annual capex
Employee Building a team of experts comprising of specialist oncologists, expert physicians and trained nurses that investigate, diagnose, and provide treatments for all types of cancers using evidence based protocols and global technologies	• **5,992** Total employees • **2,00,843** Hours of training and development • **2,034** Employees recruited

Accelerate

We continue to grow and expand our business organically by emphasising on expanding our network, penetrating into new regions and diversifying into other healthcare segments. Our constant efforts have enabled us to transform millions of lives for a better tomorrow.

Strategic priority	Progress in FY 2019-20
Expanding our network With an endeavour to address the gaps in healthcare services, we continue to expand our network in remote areas and non-metro cities to reach maximum number of patients.	• Centralized call center & Pan India Connect • 1st cancer centre in India that seamlessly connects every hospital of HCG to its customers in India and Abroad • Launched Virtual consult platform at every hospital of HCG
Execution Our strong execution capabilities enable us to identify, deploy and complete new centres in various parts of the country.	• **2** new centres operationalised • **199** new beds added • Launched 1st in-house call centre to conveniently assist our patients

Evolve

Cancer care is constantly evolving and we strive to keep pace with new-age treatment utilizing our innovative technology and quality care facilities. With rapid investments in modern clinical procedures and a constant zeal to upgrade our services, we relentlessly aspire for better outcomes.

Strategic priority	Progress in FY 2019-20
Operational excellence We continue to leverage scientific innovation and technology to strengthen our capabilities and deliver exceptional outcomes.	• Instituted Operational Excellence Vertical • Formulated road map for Pan India Operations Improvement • Enhanced decision making through Customised Measurable Dashboard
Future ready Our investment in modern technology and our zeal to improve capabilities makes us future ready to address varied challenges.	• Leverage Automation to increase efficiency of various processes such as appointments, bed booking, reports and discharges • Strengthen existing policies and imbibe futuristic methods to maximize business profitability • Established digital platform to connect operations vertical across the country

Our Value Creation Model

Resources

Financial Capital

Comprehensive cancer care centres require significant capital investments to acquire latest technology and equipment. HCG follows an asset-light investment model by leasing space for hospitals. We procure high value medical equipment through vendor finance arrangements which allow us to match capex with cash flows

Intellectual Capital

Strong clinical and operating processes, systems, protocols focused on oncology for delivering efficient and high quality care. With decades of experience as a renowned brand, we continue to support research activities, participate in clinical trials, engage with global leaders and utilize latest technologies to ensure superior treatment.

Manufactured Capital

One of the largest private cancer care providers in India with a substantial footprint in metros and Tier-II & Tier-III towns. We own, develop and operate comprehensive cancer centres offering state-of-the-art technology for diagnosis and treatment.

Relationship Capital

Ensuring healthy relationship with key stakeholders, regularly interacting with employees, partners, patients, suppliers, shareholders, governments etc, to enable long-term sustainability. Positively impacting lives of patients and families by taking high-quality care closer to patients in under-penetrated regions. We are committed to ensuring a high standard of ethics, social responsibility, accountability, cooperation and transparency with all the stakeholders.

Human Capital

Our talented experts and domain specialists are competent to address critical and complex medical cases and provide high quality outcomes. Our Clinical and Management team comprises of experienced professionals, equipped with skillsets to provide excellent care. Their entrepreneurial spirit, enthusiasm and passion to fulfil organizational goals play a crucial role to ensure excellence across operations.

Natural Capital

We are committed to reduce our environmental footprint with efficient energy use across all centres and constantly strive to reduce water consumption and carbon emission.

Inputs

Financial Capital

₹ 4,198 Mn

Equity share capital

₹ 5,296 Mn

Long-term borrowings

₹ 1,118 Mn

Equipment/CAPEX funded in the form of vendor finance upto FY 2019-20

Manufactured Capital

₹ 1,265 Mn

CAPEX for FY 2019-20

22

Comprehensive Cancer Centres

2,071

Cumulative Bed Capacity (including multispeciality beds)

9

States of presence

Activities to sustain value

29

No. of LINACs (for radiation treatment)

17

No. of PET CTs (for staging and planning)

Human Capital

5,992

Total number of employees

192

Resident Doctors

1,838

Nurses

30+

Courses offered

Intellectual Capital

3+

Decades of expertise in oncology

Significant

Focus and investments in academics and R&D

Multi-disciplinary

Tumour boards across hospitals, facilitating clinical excellence

Relationship Capital

9,993

Shareholders

9

Centers with long-term collaborations

Natural Capital

Renewable

Energy consumption increased in comparison to conventional energy resources

Waste

Recycling and reuse methods have been aggressively scaled up to reduce our impact on the environment

Note: All the numbers are for FY 2019-20

- Optimising capital allocation
- Building on asset-light business model to enhance returns
- Diversifying revenue growth areas
- Undertaking cost reduction strategies

- Maintaining and improving our quality of service
- Investing in new and cutting-edge technologies for diagnosis and treatment
- Deploying systems and processes to improve our operational efficiency
- Expanding our network to underserved regions in the country to bring quality oncology services near people

- Providing competitive remuneration and personal development opportunities
- Investing in technical skills, leadership development, employee well-being and safety
- Implementation of various health and safety initiatives
- Promoting employee diversity to address inequality
- Upskilling employees for digital transformation

Our Value Creation Model

Activities to sustain value

- Implementing agile business process across our network to address any challenging situation
- Improving our reputation as a quality cancer care provider
- Building a unique business model that successfully enables the adoption of innovative methods in the complex and dynamic field of oncology

- Offering differentiated services and exceptional experience through quality care, affordable treatment and state-of-the-art technology
- Engaging actively with regulators, ensuring compliance to regulatory norms and driving societal contribution
- Enabling transparent investor communication
- Delivering social value by helping tobacco farmers grow alternate crops and reaching out to more patients through cancer diagnostic mobile clinics

- Strong focus on energy efficiency across our network
- Identifying opportunities to use digital tools to promote resource efficiency
- Responsibly handling hazardous waste

Outcomes

Shareholder Value

With focus on disciplined cost management and improved efficiency, we deliver sustained growth in revenue and EBITDA.

Quality Healthcare Services

We have seen superior clinical performance and accurate diagnostic facilities and treatment across our network. Our team of skilled staff and doctors enable us to abide by our motto of providing a better quality life for our patients through enhanced services.

Teamwork

A team of motivated Promoters, Senior Management, Board members and employees have helped to create a future-ready organization.

Highly skilled workforce

Continued investment in training and development of staff has created a strong talent pipeline. Integrated talent-driven strategies are deployed to ensure attraction and retention of specialists.

Brand value

Our superior quality service and experienced team has enabled us to position 'HCG' as a strong and focussed oncology brand with recall and reputation across the oncology ecosystem.

Returning value to stakeholders

At HCG, value is a by-product. Our main focus lies on financial and social sustainability along with the upliftment of communities in which we operate. Through our operations we create value for all our stakeholders including patients, investors, suppliers, government and the society at large.

Green initiatives

We have started a sustainable initiative with the endeavour to minimize our impact on the environment.

Outputs

Financial Capital

₹ 10,956 Mn

Revenue from operations*

₹ 1,722 Mn

EBITDA#

₹ 1,847 Mn

Pre-corporate EBITDA of existing oncology

₹ 416 Mn

Revenue generated from international patients

1.6x

Net Debt to Equity ratio

Manufactured Capital

2

New centres operationalised in FY 2019-20

10.6%

Increase in bed capacity over last year

42.9%

Average occupancy rate

₹ 32,767 /day

Average Revenue per Occupied Bed (ARPOB)

Human Capital

2,00,846

Hours of training and development

33%

Of women in leadership team / top management

51:49

Male: Female ratio

Intellectual Capital

8

Centres are NABH Accredited as on 31st March 2020

3

Centres are NABH Certified as on 31st March 2020

42

Clinical trials conducted across the network

Relationship Capital

10+

Total no. of sell-side analysts covering

Innovative

Brand awareness campaigns undertaken

Increased

Media coverage and brand presence

Natural Capital

Reduction

In use of paper by using electronic mediums

625 KVA

Capacity of solar rooftop

*including income from government grant

#after adoption of IND AS 116

Note: All the numbers are for FY 2019-20

Stakeholder Engagement

	Means of engagement
Patients People from different sections of society, seeking quality healthcare services.	• Patient care • Website • Seminars • Social media interaction • Patient surveys • Awareness campaigns
Shareholders and Investors Provider of financial capital needed to grow and sustain our business	• Annual general meetings • Annual and quarterly reports and presentation • Quarterly audited reports on operational and financial performance • Quarterly earnings call • Participating in conferences • Press release for significant matters • Stock Exchange releases • Investor section on our website
Employees Their skills and involvement determine our ability to fulfil HCG's endeavour of adding life to years.	• Townhalls and seminars • Employee engagement initiatives • Newsletters • Training and development programs • Employee satisfaction survey
Medical Professionals Help us to effectively understand and address our patient's needs	• Conferences and seminar • Regular ongoing visits • Advisory board meeting
Industry Regulatory Bodies Partnering with authority to share industry viewpoint and enable strict adherence to regulatory norms	• Meetings • Industry conferences and seminars • Hospital visits
Government Enforce policies which have a direct or indirect impact on our operations and long-term business sustainability	• Return filings and other statutory documents • Conduct regular audits (financial and statutory) • Timely payment of taxes and levies to government • Adherence to environmental laws
Business Partners, Suppliers and Associates A key interface with our customers, they are custodians of our brand and reputation, and critical to ensuring effective delivery of our objective of quality care	• Meetings • Business partner survey • Regular interactions
Local Communities Help us develop our business ecosystem	• Regular interaction through CSR activities • Website

Priority Interest	Our strategic response
• Reputation of doctors, specialists and nurses • Cost and quality of care • Clinical pathway experience • Simple and quicker engagement with experts at HCG • Privacy of information • Ethical, factual and professional interaction with patients	• Leveraging our expertise in oncology to provide quality, patient-centred care and related medical services to a wide spectrum of patients • Operating with highest standards of quality care, maintaining hygiene and outcome efficiency • Reducing gaps in patient care, expectations and corrective actions.
• Growth in valuation • Timely dissemination of material information and communication • Responsible investment to ensure growth and long-term sustainability • Responsible allocation of capital	• Focus on delivering operational and financial growth • Maintaining healthy relationships • Constant growth in return on investment • Timely repayment of debts • Prudent risk management strategy to ensure preparedness for any uncertainty
• Safe, diverse and healthy working environment • Competitive Remuneration • Performance Evaluation • Rewards and recognition	• Continuous focus on employee wellness and development • Clear career paths and opportunities for career development • Focusing on fair and transparent remuneration • Proper talent management and succession planning • Providing necessary training to improve skills and efficiency
• Clinical efficiency • Quality of facilities • Technologies • Adoption	• Working closely with local doctors and specialists to build strong bonds with them • Ethical practices ensuring long-term partnerships with medical professionals and technology providers
• Compliance with industry norms • Participating in various industry forums and meets	• Supporting industry wide initiatives and proactively participating in industry meets • Healthy exchange of ideas to mutually benefit the industry • Responsible utilization of resources and fair trade practices
• Compliance with the laws and regulations of the land • Contributing towards upliftment of the economy • Generating employment	• Ensuring timely filing of returns • Creating opportunities for local communities • Functioning in an ethical and transparent way • Timely payment of taxes • Monitoring regulatory changes
• Fair trade practices • Timely payment • Mutually beneficial relationship	• Fair and reasonable procurement of resources • Creating and maintaining long-standing relationships • Understanding changing market dynamics through regular interactions • Partnering with local organizations
• Uplifting the society at large • Environment friendly and ethical practices	• Ensuring responsible investment in community health • Continually striving to be a responsible corporate citizen • Understanding and responding to the needs of the communities

Profile of Board of Directors*


Dr. B. S. Ajaikumar


Sudhakar Rao


Gangadhara Ganapati


Bhushani Kumar


Sampath Thattai Ramesh


Dr. Amit Varma


Suresh Chandra Senapaty


Dr. B. S. Ramesh


Shanker Annaswamy

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, 2019. He holds a Bachelor's Degree in Medicine and Surgery from St. John's Medical College, Bengaluru, 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 B. C. 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.

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 NeuroMolecular 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.

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.

*Board of Directors as on March 31, 2020. Please refer to the Directors' Report/Corporate Governance Report for details on the changes in the Board from April 01, 2020 till the date of the Report.

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.

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 received a leadership award at the Forbes India Leadership Awards.

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 a 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.

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, Bengaluru.

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 USD 1.5 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, a USD 100 Mn Healthcare and Education focused domestic Private Equity Fund. He has co-led the deployment of RHC Principal, a USD 700 Mn 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 was 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.

Dr. B. S. Ramesh

is an 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 as 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 was also the secretary of the Bangalore branch of the Indian Medical Association between 1980 and 1981. He was 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.

Medical Milestones and Achievements

Asia's first bloodless Bone Marrow Transplant was performed by our experts.

India's first Computer Assisted Tumour Navigation Surgery (CATS) was brought in by us.

First hospital in India to introduce Flattening Free Filter (FFF) mode technology for treatment.

First in Asia to have treated a patient with 3D radio-guided surgery – Surgic Eye.

Introduced biological reconstruction to treat bone cancer in India.

Cyberheart – First hospital in India to remove a tumour in the left ventricle of the heart through CyberKnife.

First hospital in India to introduce high precision, Trans-Oral Laser Surgery (TOLS), endoscopically.

Among the largest number of Breast Conservation Surgeries conducted in India.

First in India to introduce Hyperthermia as a form of treatment and introduce Tomo Therapy H®.

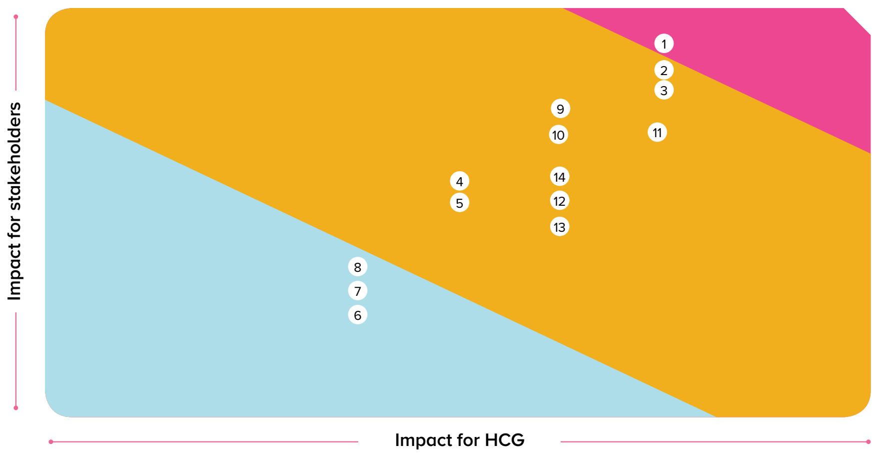
First in the world to perform the quickest Radio Surgery to treat Trigeminal Neuralgia ("The Suicide Disease").

Best Brand in Oncology Segment in Healthcare Leadership Award 2019

Won gold award at the 8th Asian Leaders award 2019 in Mumbai for excellence in partner marketing

Materiality Assessment

At HCG, materiality assessment plays a crucial role for ensuring sustainable management practices. A materiality assessment is carried out on the basis of sustainability context, materiality, completeness and stakeholder inclusiveness. The factors identified during the process helps to select material issues that need urgent attention. Issues affecting stakeholders and having a direct impact on the organization's goals and objectives are thoroughly reviewed and recorded to ensure business sustainability and long term value creation.



Identification of material issues through an in-depth analysis

Prioritise issues

Review, assess and record the impact

Stakeholders	Tasks
Patients	1. Improving patient care and cure 2. Use modern technologies and processes 3. Ensuring availability of services
Government	4. Strengthen corporate governance, compliance and risk management 5. Anti-fraud and whistle blower policy
Employees	6. Promote gender diversitiy and employee engagement 7. Provide career growth opportunities 8. Ensure safety and health 9. Make contiuous learning a prerogative

Stakeholders	Tasks
Suppliers	10. Sustainable supply chain 11. Ensure consistent quality of all materials
Shareholders	11. Sustained financial returns
Society	12. Ensure sustainable community development 13. Resource optimisation and waste recycle

Integrated Strategy for Value Creation

Financial Capital

Intellectual Capital

Manufactured Capital

Human Capital

Relationship Capital

Natural Capital

Financial Capital

At HCG, we rely on our financial capital to fund our growth plans and invest in attractive opportunities to shore up our core business and deliver attractive and consistent returns to our stakeholders. To procure superior results against all odds, we leverage our core competencies to enable operational and clinical excellence.

KEY FINANCIAL INPUTS

Net Debt
(₹ in lakhs)

FY 2020 70,750*
FY 2019 61,004
FY 2018 41,659

Equity Share Capital
(₹ in lakhs)

FY 2020 41,977
FY 2019 52,219
FY 2018 57,902

CAPEX
(₹ in lakhs)

FY 2020 12,646
FY 2019 21,153
FY 2018 28,732

40%
YoY reduction

OUTCOME ACHIEVED

Revenue from Operations
(₹ in lakhs)

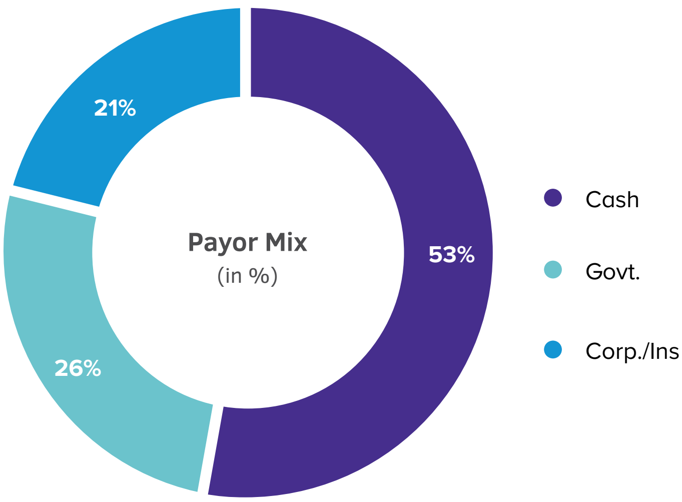
FY 2020 1,09,564#
FY 2019 97,867
FY 2018 83,069

11.9%
YoY growth

Operating EBITDA
(₹ in lakhs)

FY 2020 17,218@
FY 2019 12,519
FY 2018 11,882

37.7%
YoY growth



* Before IND AS 116 adj. | #including income from government grant | @Post-IND AS 116

Revenue Mix
(₹ in lakhs)

56.4%
YoY growth

New Centers

FY 2020	16,727
FY 2019	10,690
FY 2018	5,779

6.4%
YoY growth

Existing Centers

FY 2020	92,837
FY 2019	87,177
FY 2018	77,290

292 bps
YoY growth

EBITDA Margin
(in %)

FY 2020	15.7*
FY 2019	12.8
FY 2018	14.3

3.3%
YoY growth

EBITDA# from existing centres
(₹ in lakhs)

FY 2020	15,999
FY 2019	15,471
FY 2018	13,415

HOW WE ACHIEVED OUR OUTCOMES

Our relentless focus on scaling up operations by opening new centres across the country and enhancing the quality of care has enabled us to register strong top line growth, during the year under review. We have been leveraging our expertise across specialized domains including oncology, fertility and precision diagnostics to drive long-term value creation for all our stakeholders. We continued to invest in state-of-the-art technology and equipment to further improve our diagnostic capabilities and ensure quality of treatment, while remaining focused on delivering cost efficient services to our patients.

STRATEGIES TO ENHANCE OUTCOME

Our proven capacities, patient-centric business model and streamlined operations enable us to formulate strategies for a sustainable future. We continue to improve revenues with continuous expansions in the domestic and international markets. Banking on our strategic partnerships, we also aim to improve profitability through economies of scale, lean management and adoption of new and innovative methods of treatment.

EBITDA Margin# from existing centres (in %)

FY 2020	17.2
FY 2019	17.7
FY 2018	17.4

*Post-IndAs 116 #Pre-IND AS 116

TARGET FOR SUSTAINED TOMORROW

To consistently deliver return on capital and sustain a cash accretive business, we aim to achieve the following financial objectives:

- Healthy revenue growth from domestic as well as international operations
- Deliver a strong EBITDA and PAT margin
- Robust cash flow generation to successfully maintain operating and capital expenditures
- Consistent growth in EPS to deliver better returns to shareholders
- Enhancing our ability to manage debt, costs and servicing
- Ensuring healthy capital returns in the form of ROCE and ROE

Manufactured Capital

In our endeavour to be regarded as the most respected and trusted cancer care provider by patients, doctors and other stakeholders, we strive to enhance the quality of care with our comprehensive treatment packages. Leveraging our expertise in cancer care and our extensive network of advanced facilities in India and abroad, we remain determined to meet and exceed patient expectations.

OUR CAPABILITIES AND OFFERINGS

Our state-of-the-art facilities for diagnosis and treatment of cancer provides options for radiation therapy, surgery and medicine under one roof. Our multidisciplinary team of trained and experienced oncologists provides us a significant edge over our peers. To improve the quality of care, we have consistently introduced many first-of-its kind technology in India, enabling excellence in healthcare.

OUR APPROACH TO WIN OVER CANCER

Understanding Cancer

Research & Development

Multi-Disciplinary Team

Technology & Therapy Expertise

Diagnosis

Technology & Therapy Expertise

Treatment

Outcome

Quality of Life

OUR SERVICE OFFERINGS

Diagnosis

Medical Oncology

Radiation Oncology

Surgical Oncology

Bone Marrow Transplant

Robotic Surgery

Liver Transplant

Comprehensive patient care

STRATEGIES TO ENHANCE OUR CAPACITIES AND PROCESSES

At HCG, we have benchmarked our operational goals with global best practices in to drive sustainable business growth and ensure superior patient care. To attain operational excellence we have adopted the following strategies:

- Predictable services: Enhance patient experience through consistent and uniform patient centric services
- Be a Differentiator: Establish service delivery standards that are designed to deliver measurable outcomes with regards to ensuring patient delight
- Profitability & Scalability: Reduce/ eliminate process waste and optimize resource utilisation
- Leadership Positioning: Enhance patient care by adopting new new-age practices that are at par with the best in the industry.
- Leverage Automation: We strive to leverage new-age technologies to increase overall efficiency, accuracy and reduce cost

PIONEER IN INNOVATIVE TECHNOLOGY

Over the past few years, new-age technologies and digital tools have largely influenced industry dynamics and has led to significant changes in the healthcare space. Advancements in oncology has led to the use and development of innovative methods to conduct complex treatment procedures. At HCG, we remain at the forefront, to adopt and use next generation technology that provides comprehensive cancer care to our patients. Our technology-driven approach has enabled us to emerge as a leading cancer care provider in India.

State-of-the-art technologies used across our network include:

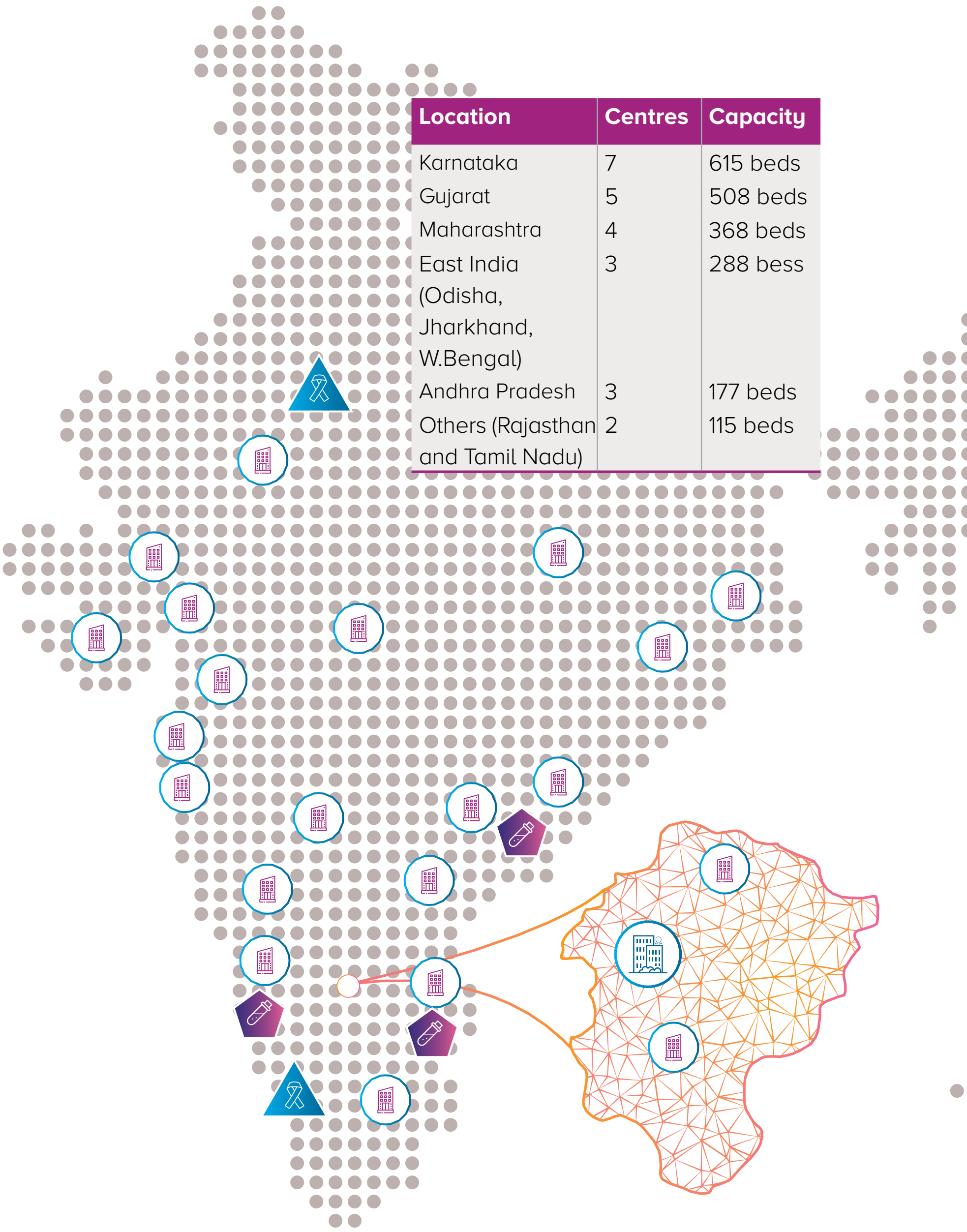
- Molecular pathology and molecular imaging for detecting appropriate course of treatment and stage of cancer
- PET CTs as gold standard for treatment planning
- Targeted nuclear medicine therapies and advanced radiation treatments to minimise side effects and improve treatment outcomes
- To ensure accurate tumour targeting and improved healthy tissue preservation, we utilise advanced Linear accelerator based technologies such as
  - Cyberknife for radiosurgery procedures
  - TrueBeam STX
- 1st Elekta Versa HD Radiation Machine equipped with Agility™ for highspeed, high precision beam
- DaVinci robots used to operate sensitive organs and sites with minimally invasive techniques

Manufactured Capital

WIDESPREAD REACH

India

We are progressively working to make quality cancer care accessible to people around the country. HCG continues to grow and expand its network in India, particularly in tier I and tier II cities. We provide superior healthcare facilities through our Center of Excellence, Comprehensive Cancer centre, Freestanding Diagnostic centre and Day Care Chemotherapy centres, located in different parts of India.



Location	Centres	Capacity
Karnataka	7	615 beds
Gujarat	5	508 beds
Maharashtra	4	368 beds
East India (Odisha, Jharkhand, W.Bengal)	3	288 bess
Andhra Pradesh	3	177 beds
Others (Rajasthan and Tamil Nadu)	2	115 beds

Network of Existing and Under Development Cancer Care centers

Center of Excellence (CoE)[1]

Kalinga Rao Road.

Comprehensive Cancer centre (22)[2]

Jaipur, Ahmedabad, Baroda, Bhavnagar, Nasik, Mumbai (2), Gulbarga, Hubli, Shimoga, Chennai, Ongole, Vijaywada, Vishakhapatnam, Nagpur, Cuttak, Ranchi. Bengaluru (3), Kolkata, Nairobi.

Freestanding Diagnostic centre(3)[2]

Mangalore, Chennai, Vijayawada.

Cancer centre Under Development (2)

NCR, Kochi

[1]centre in Kenya, Bhavnagar multispeciality also includes

[2]comprehensive cancer services hence included in CCC count

42.9%

Average Occupancy Rate

3.8%

Share of revenues from medical tourism / international patients

2.27 days

Average length of stay

199

Operating Beds added

68,182

New patient registrations*

*FY 2019-20 registrations exclude camp patients (at few locations) to reflect more qualitative aspects while adoption of digital systems, hence are not directly comparable with earlier periods.

International

In line with our endeavour to positively impact millions of lives, we continue to expand our operations beyond India, through partnerships with leading healthcare providers. In Africa, we have collaborated with Commonwealth Development Corporation to form HCG Africa, ensuring access to cancer care centres in sub-Saharan Africa. In the national capital of Kenya, Nairobi, we have partnered with leading clinicians of Kenya to form HCG – CCK (Cancer Care Kenya).

959

New patient registrations

11%

YoY revenue growth

US$ 1.7 Mn

Revenue from the establishment in FY 2019-20

Manufactured Capital

Technology Leadership

The HCG Cancer Centre in Nashik has become the first hospital in North Maharashtra to perform minimal access surgery using the Versius® surgical robotic system. As a portable system, Versius is designed to help increase minimal access procedures, offering the potential for better patient outcomes, savings and more bed efficiency.

CMR Surgical has developed next-generation surgical robotic system, Versius®, which has been used to successfully perform minimal access surgery (MAS) on patients. Versius has initially been used to perform a range of colorectal, gynecology, Upper GI, urology and onco surgeries.

Versius has been carefully designed to enhance how surgeons perform MAS procedures including for major gynaecological, GI and colorectal surgery. Three independent arms, which replicate those of a human in size and shape, are coupled with 3D visualisation and unique instrument controls that allow the surgeon to mimic their own human movement, enabling precise surgeries while also making long procedures less strenuous. As part of the introduction of Versius, a clinical registry has been established to provide a database of patient outcomes information to support patient safety, as well as technical data that can support assisted learning and help optimise Versius' use in the future. Within just a span of 8 months HCG has successfully completed more than 240 procedures. Now HCG is marked as one of the highest robotic procedure hospital in CMR history.

Manufactured Capital

CyberKnife System – A revolutionary treatment for cancer patients

HCG introduced an innovative CyberKnife system in its centre at South Mumbai, first in Western and Central India, the world's leading robotic radiosurgery system for efficient cancer care and treatment. It offers a ray of hope to patients suffering from lesions or tumours that were inoperable earlier. CyberKnife offers a non-invasive alternative to complex surgical procedures, enabling accuracy and precision.

What is the CyberKnife System?

The CyberKnife System is a non-invasive treatment for cancerous and non-cancerous tumours and other conditions where radiation therapy is required. It is used to treat conditions throughout the body, including tumours of the prostate, lung, brain, spine, head and neck, liver, pancreas, kidney, and certain gynaecologic indications, and can be an alternative to surgery for some patients who have inoperable or surgically complex tumours. What makes the CyberKnife System unique is that it is the only fully robotic radiation delivery system. The robotic design, coupled with real-time imaging, enables the CyberKnife System to deliver a maximum dose of radiation directly to the tumour from many different angles with sub-millimeter precision. The CyberKnife System does this by tracking and adjusting for tumour or patient movement during treatment to minimize radiation exposure to healthy organs and tissues.

Why Does Precision Matter?

Technological advancements have enabled manufacturers of external-beam radiation therapy equipment to improve the precision of their delivery systems. In general,

- The radiation beam needs to enter and exit the body,
- The device design limits how radiation beams can be directed into the body, and
- The device may deliver some radiation to tissue surrounding the tumour because of tumour motion during treatment.

With the CyberKnife System, precision matters. Its robotic design enables physicians to find the best angles for radiation to enter and exit the body, thus maximizing dose to the target while minimizing exposure to healthy tissue. The robotic design also enables the system to move anywhere the tumor moves during treatment, automatically keeping radiation precisely on target throughout the treatment.

Precision through Robotic Architecture

The CyberKnife System uses a robot that bends and moves around the patient. It can approach the target from hundreds of unique angles, significantly expanding the possible positions from which radiation beams can be delivered. The more degrees of freedom – the angles and points in space from which to approach the tumor – the better the radiation beams can be sculpted to avoid critical anatomical structures.

Precision through Motion Management

Many things happen from the time a patient has been set up on the treatment couch and radiation is delivered. The patient could change position. The patient could cough. Muscles may tense and relax. Fluids and gasses may displace internal organs and the patient also breathes during the procedure. The CyberKnife System is designed to accommodate all forms of patient and tumour motion, even while the treatment is being delivered. With its motion management technology, the CyberKnife System enables smaller treatment margins around the tumour, minimizing the amount of healthy tissue exposed to high-dose radiation.

CyberKnife Motion Management

The CyberKnife System uses advanced technologies to track tumours anywhere in the body, while its unique robotic design keeps the radiation on target even while the tumour moves. Before delivering the radiation beam, the CyberKnife System verifies the exact tumour position and adjusts the robot to precisely target the tumour. This allows radiation to be delivered accurately to where the tumour is and not where it was moments before.

Synchrony® Respiratory Tracking System

The Synchrony Respiratory Tracking System is the only clinically proven system that uses continual image guidance to synchronize the movement of the radiation beam with the movement of the target.. This system enables patients to breathe naturally throughout the treatment. Its highly sophisticated technology locks the robot's motion on the target, allowing it to follow the patient's breath. Besides delivering the radiation with greater precision, the CyberKnife System removes the necessity for breath-holding or chest immobilization, making the treatment more comfortable for patients who may have compromised lung function.

Summary

Accuracy Technology	Department Objectives	Range of Indications covered	Clinical/ Technological benefits
CyberKnife	Focused SRS, Staged SRS, SBRT/ SABR	• Functional (Tremor, TGN etc) • Vascular (AVM) • Brain Benign (Acoustic, Meningiomas, Pituitary etc) • Malignant brain (Brain Mets etc) • Residual tumor • Radio-resident solitary metastasis • Spinal lesions (AVM, Mets etc) • Advanced stage NSCLC • Endobronchial • Lung, Liver, Prostate Mets • Prostate cancer • Vaginal cuff • Breast boost • Renal Cancer cells • Unresectable Pancreatic lesion	• Hypo-fractionated treatment • Majority of treatments finish in 1-5 fractions • Frameless • Robotic radiosurgery • Only machine with Real-time Automatic tracking • Whole body Radiosurgery system

Manufactured Capital

Digital PET CT – Introduced at HCG's Center of Excellence in Bangalore

Overview

PET CT is an important diagnostic and prognostic tool in cancer treatment. From diagnosis to staging, monitoring to evaluating patient's response to the therapy, Digital PET CT is indispensable in every stage of cancer treatment.

The digital PET CT scanner redefines precision with advanced sensitivity and detectability parameters compared to analog PET CT scanners. This aids in efficient dose management, and reduces scan times, enabling effective treatment plans that help to enhance patient experience.

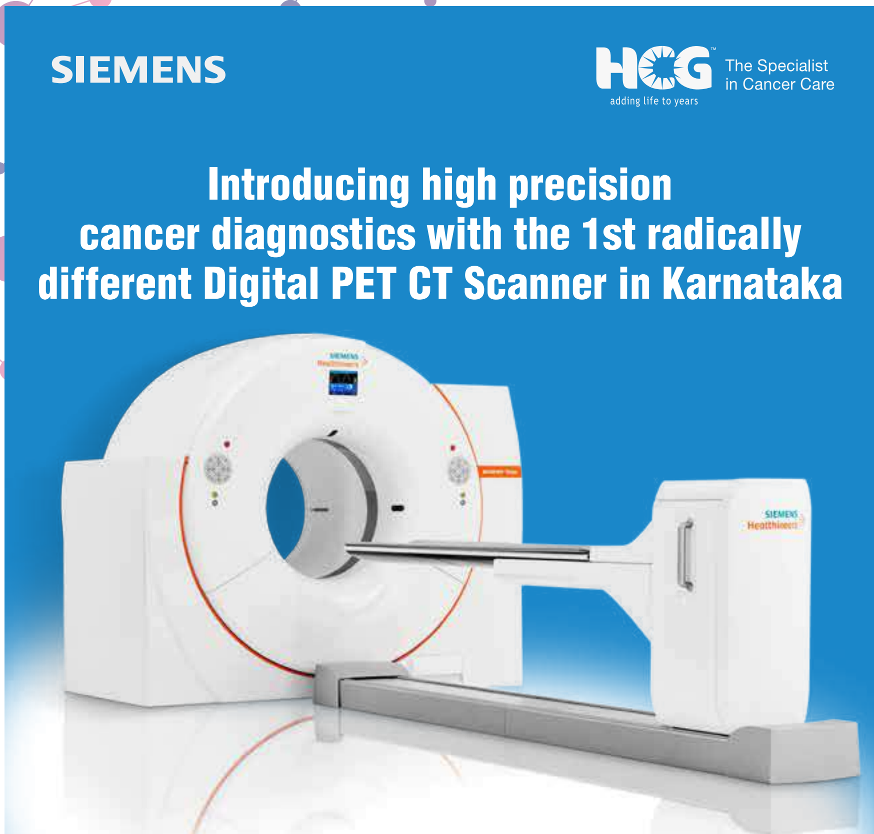
Diagnosis through digital PET CT provides a better understanding of the disease progression, including the detection of smaller lesions at lower PET isotope doses.

Process

Before carrying out a PET scan, a radioactive isotope is produced in a cyclotron. It is then tagged to a specific chemical known as a radiotracer. The radiotracer is then injected into the human body through the intravenous route.

Once the radiotracer is inside the human body, it will reach those areas in the body which utilize this natural chemical. For example, FDG (fluorodeoxyglucose - a radioactive drug) is tagged to glucose to make a radiotracer. Glucose goes into those parts of the body that use it for energy. Tumour cells, for example, absorb glucose at higher rates due to their greater metabolic activity, so FDG can be used to detect tumour growth.

A special camera or imaging device then detects the radioactive emissions from the radiotracer and accordingly produces images showcasing the structure and functioning of organs.



Advantages

A completely safe procedure

Reliable detection of small lesions. Provides great image clarity ensuring accurate diagnosis

Advanced reconstruction algorithms help to reduce scan time

Better understanding of disease progression

Patient radiation exposure reduced by 50-70%

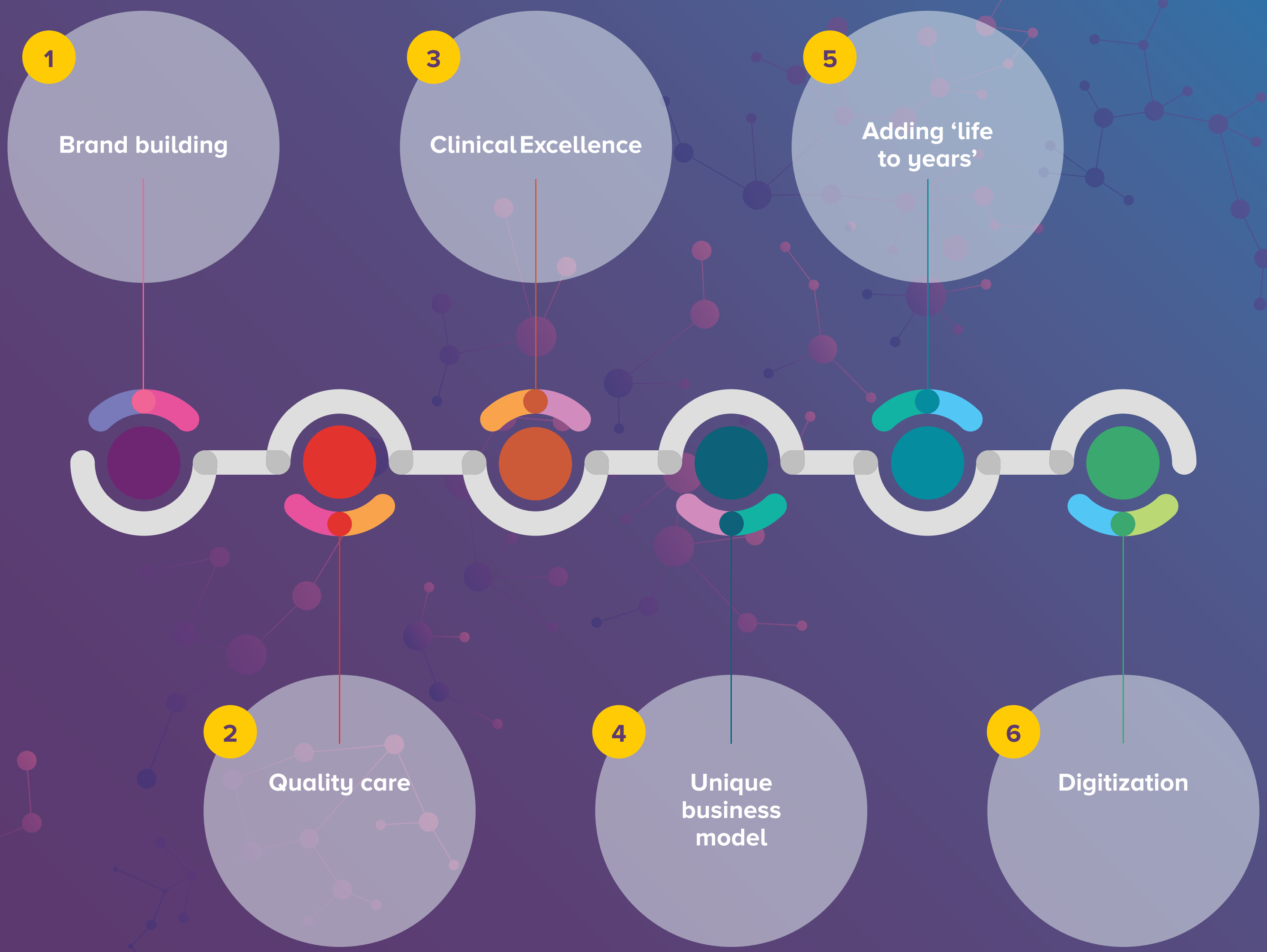
Can provide precise information on cancer staging

Helps doctors evaluate the effectiveness of the treatment.

Intellectual Capital

In a rapidly evolving world, our intellectual capital acts as a catalyst for our patient-centric business model. Our knowledge and expertise in providing superior cancer treatment, world-class infrastructure and a relentless focus on innovative methods to secure quality care, lays the foundation for a formidable business.

OUR STRATEGIC FOCUS AREAS INCLUDE:



1 Brand building

Over the years, we have established 'HCG' as the most trusted and preferred partner for cancer care. We stay true to our brand promise of 'Adding life to years' by offering advanced treatments and better care, designed to significantly improve patients' lives. The accomplishments we achieve through our operational and clinical excellence bring us closer to our goal of improving longevity of cancer patients while delivering superior care to reduce their pain and suffering.

Various branding building activities undertaken include:

Bindi Activity

We conducted a bindi activity in multiple cities including Bangalore, Bhuvaneshwar, Kolkata, Rachi, Mumbai and Nagpur. We distributed bindi packs with 29 red bindis and one pink bindi along with a demonstration for conducting self-breast examinations.

1.5 lakhs

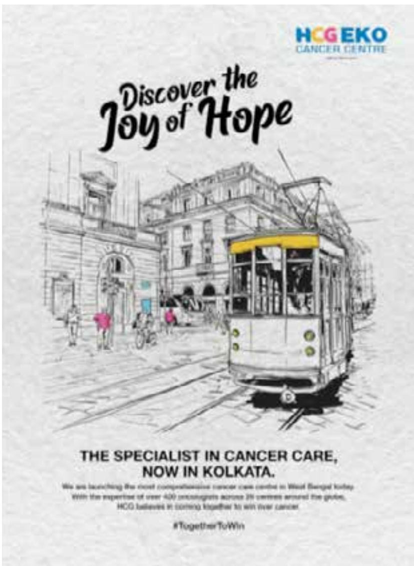
Bindi Packs distributed

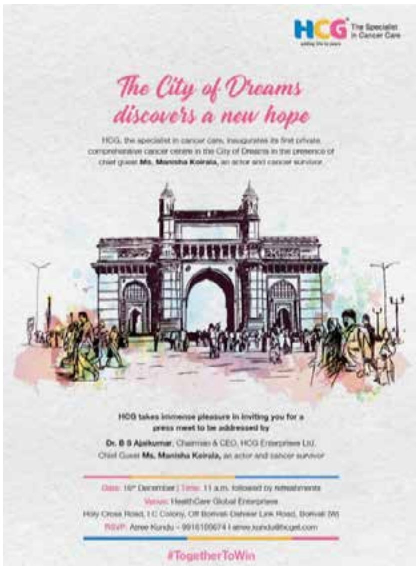
Flavors of hope

An activity involving cancer survivors, wherein they were allowed to cook and prepare a feast feast for the audience along with professional chefs at the hotel.

Event sponsorship

Unit Launch





Intellectual Capital

2 Quality care

At HCG, we believe that the key to our success lies in achieving the highest standards of quality. Right from diagnosis and treatment to faster recovery, we aim to inculcate quality care across our service portfolio. Our patient-centric approach motivates us to deliver high-quality services and work towards improving the quality of life of our patients.

Our quality objectives

- Ensure safety of patients, visitors and staff.
- Carry out continual research and development activities.
- Plan and implement continual improvement programs.
- Monitor quality indicators of all departments.
- Train all categories of staff on a regular basis.
- Improve patient satisfaction level.

Quality department

At HCG, we have established a quality department which monitors a wide range of parameters in order to measure the quality of our service. We monitor key quality indicators to know our standing as well as undertake measures to further strengthen it. Our practices are benchmarked against best global practices. The purpose of our quality department is to:

- be the monitoring wing of the company;
- undertake hospital accreditation;
- drive process improvement;
- measure patient satisfaction;
- take actions for quality improvement;
- enforce QA policy across our operations;
- undertake staff training in quality control;
- monitor infection control and
- undertake QA internal audit.

8

Centres are NABH Accredited as on 31st March 2020

3

Centres are NABH Certified as on 31st March 2020

International recognition

Our quality systems which ensure patient care and safety have been highly appreciated in an internal study by SEO Economics, Amsterdam. According to the study*,HCG has made meaningful impact towards health outcomes through improvements in access, quality of care (higher than some global comparators, for example the United Kingdom National Health Services hospitals.), and health sector standards; while also adding economic value by directly and indirectly supporting jobs creation.

*Patient satisfaction surveys are conducted only for Bengaluru center of excellence

3 Clinical Excellence

What is more important to us than the number of centres/hospitals we open, is our endeavour to achieve clinical excellence and deliver quality care. As a result, at HCG, we have been constantly pushing our boundaries to address the needs of our patients and implement systems to ensure the best treatments for cancer. Over the years, we have accomplished several milestones and performed many first-of-its-kind surgeries.

Some of the continuing initiatives undertaken during the year under review to strengthen and streamline clinical workflows, pathways, documentation standards and clinical outcomes across our network includes:

Clinical Nutrition and Dietetics

In cancer treatment, proper nutrition plays a pivotal role. Cancer as well as its treatments can affect the appetite of the patient. It can also change the body's ability to tolerate certain food and use certain nutrients. Thereby, choosing the right kinds of food to nourish the body can help patients stay stronger and feel better throughout their treatment. At HCG, our oncology nutritionists assist patients in making informed choices about nutrition, answer nutrition-related questions and help to achieve & maintain optimum weight and health.

We assists patients to:

- Minimize side effects from treatments such as chemotherapy, immunotherapy, hormonal medications, transplants and surgery
- Enhance quality of life during treatment
- Achieve and maintain a healthy weight
- Prevent or correct nutritional deficiencies
- Incorporate healthy nutrition habits
- Provide guidance on alternative nutritional therapies
- Educate family members about patients' special nutrition needs
- Provide survivorship education to reduce risk of recurrence

Intellectual Capital

New Initiatives, Process Changes and Impact

Initiative / process	Impact / outcome
Intensive Nutrition Interventions and Education: The nutrition care process (NCP) protocol has been adopted for systematic nutrition screening, interventions and education of all admitted patients.	Due to regular and systematic consultations, malnutrition and body weight can be improved. This also contributed to greater compliance to the diet plans and contributed to revenue generation. Among patients undergoing chemotherapy, fatigue is a common symptom and is reported to affect 82-100% of patients during chemotherapy. We studied the impact of the 12-week nutrition intervention program to determine the nutritional and fatigue levels of 100 patients undergoing adjuvant chemotherapy and found significant improvement in their nutrition status and fatigue status from baseline to 12-weeks. The preliminary data has been presented at the ESPEN 2020 conference under the category of nutrition and cancer.
Perioperative Nutrition Consultations: Fast track surgery protocol was conceptualized and incorporated for head and neck cancer patients. This included preoperative nutrition interventions and early enteral nutrition with immuno-nutrients for up to 3 months after surgery.	With nutrition interventions before surgery and follow up sessions, 70% head and neck cancer patients showed compliance to dietary regimes set by experts.
Patient-centric Nutrition Support: We are collaborating with patients to understand their needs of nutrition and support them in order to increase satisfaction and nutritional outcomes.	A survey was conducted among 300 cancer patients undergoing chemotherapy revealed that 85% of the patients wanted nutrition support and ideas to improve food intake, 83% of the patients wanted to use oral nutrition supplements when food intake was not optimum and above 60% of the patients wanted the family to be involved in the nutrition sessions. This data was presented and won the award at the AICNU conference 2019.

MRD Quality Indicators

Measuring performance in Medical Records is critical to ensuring and improving the quality of healthcare delivery at the hospital. Monitoring and optimizing quality involve collection of monthly measurable indicators, understanding how to improve these matrices and finally planning continuous quality improvement measures to provide a seamless hospital experience for internal and external patients.

During the year under review, we have collected around 35 indicators pertaining to the functioning and quality of the medical records department. These include key matrices like File TAT, deficiency analysis, Data entry progress and accuracy, amongst other.

Mortality Audit

At HCG, we have adopted a monthly mortality tracking practise wherein all the units have been instructed to share the mortalities that has happened in their units in a month. The data collected is reviewed by the co-corporate assigned staff. Few cases are selected and presented in the monthly mortality meeting with chairman and other clinicians for discussion. Post the discussion, MOM is circulated to undertake necessary actions. A record is maintained consisting of all the details of the total number of deaths that has happened in all the units.

Process flow of monthly mortality meeting

- Collate mortality data from all units across HCG
- Review the mortality cases with Dr.Chandrika
- Select the prominent/ interesting cases on the basis of certain clinical parameters for the Monthly Mortality discussion
- Take the MOM and circulate afterwards for any corrections needed by the Chairman
- Send an invite to the units for the selected cases to be presented in Monthly Mortality meeting with the Chairman and all clinicians and medical heads and doctors
- Chosen leukemia cases sent to Haemat Consultant KR for their suggestions on any other specialty cases

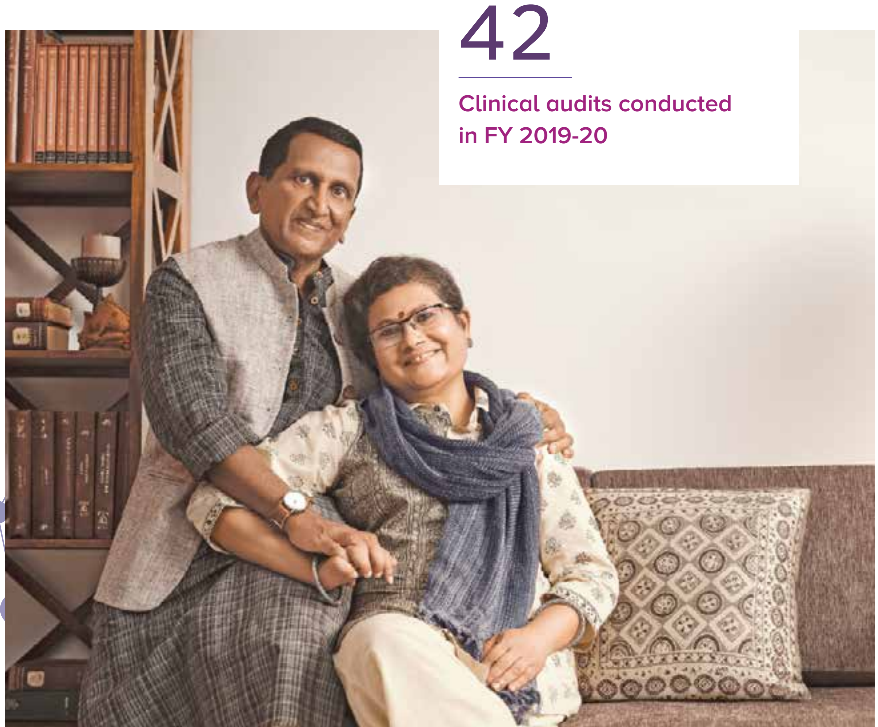
Clinical Audit

With the endeavour to further improve patient care and outcomes through systematic review of care facilities against explicit criteria and the implementation of new processes, we undertake clinical audits. It is undertaken at all our units on the basis of emergencies that have happened and evaluate new challenges that we faced during daily treatment procedures.

On the basis of the topic selected by the selection committee or the consultants, certain guidelines are prepared taking NCCN as a primary guideline for the treatment of cancer. The protocol and the template for data collection is then circulated to the units. Based on the data collected, the audit report is prepared and the CAPA is implemented as per the suggestions given by clinicians.

42

Clinical audits conducted in FY 2019-20



Intellectual Capital

4 Unique Business Model

At the heart of our operations lies our unique business model which drives us to transform the cancer care environment with improved and affordable clinical services. To ensure success, we rely on latest technology, advanced treatment methods, clinical talent, systems and protocols that enable operational as well as clinical efficiency. We have established centres of excellence for research, development and advanced clinical care, equipped with superior technology to reach treatment facilities to metros as well as sub-urban cities and small towns.

Our unique business model demonstrates our resolute and steadfast attitude to enable excellence and plays a key role in maintaining our leadership position in the country's healthcare space. Harvard Business School recognized our efforts in 2012 and our exceptional business model is now being studied in several business schools across the globe.

Over the year, we have reached out to different parts of the country, providing last-mile access to quality care. We have also implemented various state-of-the-art technologies to enable remote delivery and quality assurance across the network. HCG, today is synonymous with comprehensive oncology care and has positively contributed to the healthcare ecosystem with awareness, education, early detection facilities, higher quality care and outcomes, leading to holistic development of patients.

Key features of our business model

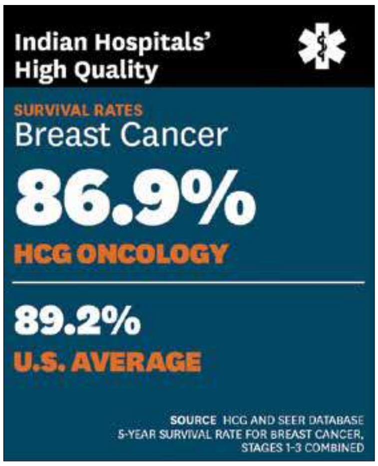
- Creation of oncology infrastructure in under-penetrated regions of the country
- Oncology treatment for patients without access to convenient travel facilities or options to relocate to other cities
- Given the long-term nature of cancer care, HCG enables ancillary cost reduction to utilize savings for treatment
- Maintaining continuity of care, reducing drop-outs, even in late/ advance stages of cancer to ensure better quality of life / outcomes
- Promoting socio-economic development and innovation in local communities

5 Focus on adding 'life to years'

At HCG, patient care goes beyond diagnosis and treatment of cancer to provide a full continuum of healthcare services, including faster and healthier recovery cycles. Therefore, we strive to find innovative ways to enhance patient care with our relentless focus on advanced and cost-effective methods. Our constant emphasis on innovative approaches have helped us to deliver world-class, affordable and accessible care to thousands of people in India.

A study conducted by SEO Amsterdam Economics, evaluates the socioeconomic development impact of HCG. The accompanying 'Theory of Change' illustrates how HCG has made meaningful impact towards health outcomes through improvements in access, quality of care, and health sector standards; while also adding economic value by directly and indirectly supporting jobs creation.

According to the study, the quality indicators collected by HCG suggest that experienced quality of care is high at HCG. This was reflected in an average outpatient satisfaction ratio* of 87.4% and an average inpatient satisfaction



ratio* of 86.5% during 2018. This ratio is higher than some global comparators, for example the United Kingdom National Health Services hospitals.

At the level of patients' health, the available evidence suggests that HCG has made an important contribution towards improving the quantity and quality of health outcomes.

At the level of health sector, it is creating an impact with improved access to oncology care (including via hub-andspoke model), improving quality of cancer care and setting new standards in clinical care through its state-of-the-art technology investments and quality system.

At the level of wider economy, HCG contributes to provide employment directly and indirectly in multiple sectors and regions across our network of operations. With this it is creating an overall positive impact on job creation, not only increasing labour demand but also increasing labor supply.

6 Digitization

In order to keep pace with a changing digital landscape, we continue to rely on various digital tools to make healthcare more accessible to patients as well as strengthen and increase the efficiency of our backend processes.

Digital Medical Records

Digitizing Medical Records (DMR) is the process of converting the Paper/ Manual records into Digital format. The DMR Process helps in accessing the Records Easily in a digital format. Digitization also supports the need for quick, safe and secure access to medical records. We aim to convert the manual records into digital format by scanning and indexing it in the DMR Application to easily integrate it with EMR application and can easily refer old documentation as to enable easy access to old cases and documents.

Benefits of DMR

- Reduced paper handling cost (storage)
- Ease of access
- Ease of organization of medical records
- Improved patient care
- Reduced manpower (for file retrieval)

Road Map for Digitalization of medical record

AMR

HIS Generated, paper based Medical Records

DMR

Scanning the paper Documents Indexing in DMR Software, Interface with EMR to view old documents

EMR/EHR

Data Can be created, Managed, and consulted by authorized clinician and staff from anywhere within the Organization

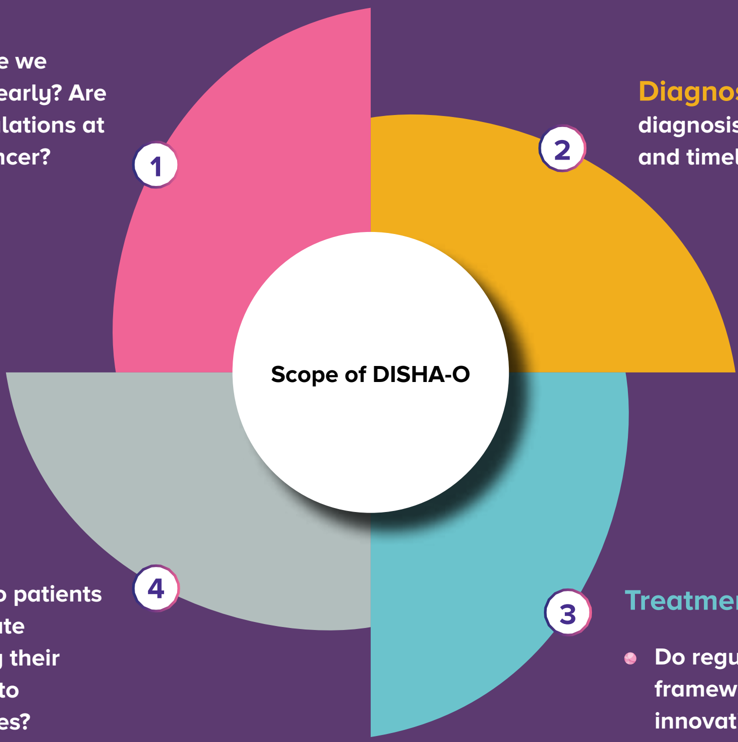
Electronic Medical Records

At HCG, we have selected Elekta's MOSAIQ system as the Oncology Information System (OIS). It is a complete Patient Management System that centralises Medical and Radiation Oncology into a single user interface, accessible by multi-disciplinary teams across multiple locations. The ecosystem of OIS and the interfacing systems has been branded as DISHA-O (Digital Information Systems & Healthcare Analytics for Oncology). DISHA-O is our first step towards Electronic Medical Record (EMR).

Intellectual Capital

Screening – Are we detecting cancer early? Are we reaching populations at highest risk of cancer?

Diagnosis – Is diagnosis accurate and timely?



Follow up – Do patients receive appropriate support following their active treatment to resume active lives?

Treatment –

- Do regulatory evaluation and approval frameworks ensure timely access to innovation?
- Is care adapted to each patient's individual needs?
- Are we basing decisions on comprehensive measures of benefit and costs?
- Do patients receive care from the appropriate specialists?

Are we placing patients at the heart of all decisions?

Are we providing seamless, well-coordinated multidisciplinary care?

Do we measure and understand the impact of given interventions on costs and outcomes?

Are there system-wide accountability mechanisms for outcomes?

Outcomes achieved*

Pre-implementation	Post-implementation
Decentralized Data • Different source of data • Data available in silos • Access to unrefined data	**Centralized Data** • Single source of data • Correct data
Manual Entry / Workflow • Assessments, Care Plans, Treatment on paper • Ad-hoc manual workflows • No standard sequence/method of input	**Digital Data / Automated workflows** • Objective assessments based on digital data • Standardized sequence / method of entry • Faster TAT [Full form needed]
No Standardization • Different Care Plans • Partially filled assessments • Shortcomings in consent procedures	**Standardization** • Uniformity and standardization in Care Plans, Assessments and Consents across enterprise

88%
Of process automated

200
Clinicians trained

250
Nurses trained

200
Paramedical Staff Trained

150
Care Plans added

2917
Patients treated

350
Assessments

200
Consents

1099
Order sets created

*The above data relates to only the Center of Excellence in Bangalore

Intellectual Capital

Digital Pathology

Incidence of cancer is on the rise across the globe and so is the wide choice of treatment options. Any treatment decision is based on histopathology. Getting the right diagnosis is an important step for cancer therapy. A wrong diagnosis may affect chances of recovery and inadequate treatment can significantly affect the health of the patient.

Traditionally, pathologists are used to reporting histopathology / biopsy cases through a microscope. This analogue tool has many limitations including:

- As the interpretation is based on the experience and skill of the pathologist, subjectivity is a concern. Studies have shown that the subjectivity between pathologists can be as high as 25%.
- Also with traditional glass slides, accuracy is an issue.
- Expert subspecialist pathologists are located in Metro cities and if a patient needs an opinion, glass slides and blocks have to be physically couriered.
- During shipment, material may be lost and the time taken for transportation is often quite long.

In the era of precision medicine, where treatment options are tailor made for each patient, pathologists need to adopt latest technological advancements such as digital pathology, be it for routine reporting or for practice of evidence based medicine with the use of AI based algorithms.

HCG-Strand Lab adopted digitization since Oct 2018 and has validated the platform before use. Our validation stands at 99.3% concordance with light microscopy interpretation for primary diagnosis. This is followed by incorporation of image analysis software, an AI based app, for interpretation of ER, PR, Her-2 and Ki67. The validation of image analysis software showed 99.1% concordance. CAP and NABL accreditation for digital pathology for primary diagnosis and image analysis software, is testimony to the stringent quality standards followed in our lab. HCG-Strand Lab is the first lab in the country to be felicitated with 100% digitized lab award.

Why choose Strand's Digital Pathology?

Strand Life Sciences through the HCG network has one of the most exhaustive repositories for oncology samples and is well poised to test and interpret complex clinical cases.

All centers are networked to ensure right case goes to the right histopathology specialist.

Strand has a network of 19 labs in the country with 3 CAP accredited reference labs based at Gurgaon and Bangalore respectively.

Paradigm shift from morphology-based diagnosis to evidence-based diagnosis.

Strand has a team of 14 subspecialists who are organ specific experts available for consultation for any case including Easy collaboration for expert consultations across the world.

Algorithms for markers thereby eliminating subjectivity.

Here are a few instances how digital Pathology has helped patients:

Mr. Manjunath, 62 year old, had a tumour on his vocal cord and was advised to undergo extensive surgery. He was treated with Trans Oral laser microsurgery at HCG. A frozen section of the digital pathology image provided accurate measurements. It saved his voice box without the need for extensive surgical procedures.

Ms. Ranjitha, 35 year old, had a lump in the breast and underwent a lumpectomy at HCG. She received an accurate report through digital pathology images. The stage of the tumor was more accurately interpreted and hormone markers on the Artificial intelligence platform helped in better diagnosis and treatment.

Mr. Sandeep Kumar, 69 year old, had to undergo TRUS biopsy of prostate with a suspicion of carcinoma. He came to HCG and the same biopsy was reported more accurately, with the help of digital pathology images that confirmed the presence of tumor and also helped to accurately determine the length of cores, the tumor volume and the tumor grade.

Mr. Ambarish Basu, a case of Carcinoma of oral cavity, was staged as T2, and recommended Radiation therapy. He visited HCG-Strand where tumor measurement was done with the help of digital pathology images and it accurately diagnosed the stage as T1. Hence, recommendations for radiotherapy was subsequently dropped.

HCG-Strand lab's **strong network** allows patients, from across the country, to **avail the expertise** of subspecialist Histopathologists from their **home town**. HCG-Strand has **10 subspecialist Histopathologists** across the country. The cases can be reported from anywhere by a specialist without physical transfer of slides and blocks to the bigger centers.

Digital Pathology is bringing a **paradigm shift** in approach to cancer cases. It is not only ensuring accurate primary diagnosis but, it is also **helping genomic, imaging and clinical data integration**. Digital Pathology, therefore, is enabling **precision medicine.**

Human Capital

At the core of our patient-centric approach lies the effort and efficiency of our talented workforce. To continuously create value for our patients and ensure optimum service, we foster an inclusive and diverse workforce that promotes co-existence and collaboration. As we passionately remain committed to 'Add life to years', we continue to encourage our employees to sharpen their skills and contribute towards organizational growth.

OUR PEOPLE – OUR STRENGTH

Our highly skilled workforce with its unwavering commitment to excellence empowers us to face complex challenges. With a team of expert oncologists, surgical oncologists, radiation oncologists, onco-pathologists, onco-radiologists, immuno-therapists and nuclear medicine experts, we remain focused on strengthening our human capital. We constantly focus on attracting, retaining and developing talent to create a motivated workforce that is capable of adapting to an ever-evolving medical landscape.

5,992
Employees across our network

192
Resident Doctors

1,838
Nurses

1,354
Paramedical Staff

2, 258
Support staff

42%
Voluntary attrition rate

32.78
Average age of employees

6.98 Years
Average experience of employees working with HCG

Diverse and inclusive workforce

At HCG, a diverse talent pool is critical for meeting organizational goals and ensuring sustainability.

We firmly believe in encouraging a culture of diversity, marked by equal opportunities, irrespective of gender, age, ethnicity, religion, socio-economic status or physical ability. HCG also promotes a strong gender-balanced workforce with an emphasis on recruiting women in various roles across the organization. A diverse and inclusive workplace not only fosters a culture of positivity, it also acts as a precursor to incredible performances, thereby laying the foundations for continued business growth.

9

Specially abled employees

2,914

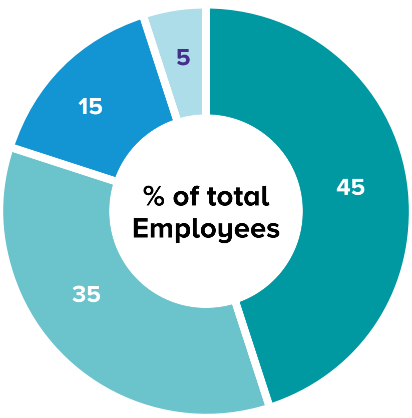
Women employees

49:51

Women:Men ratio

33%

Of women in leadership team / top management



Age mix

- Between 18 to 30 years
- Between 30 to 40
- Between 40 to 50
- Above 50

Attracting and retaining talent

In a dynamic business environment, attracting and retaining key talent is extremely critical for business success. We continue to attract and recruit the best talents from the industry, while offering a conducive environment to sustain professional growth and development. We are an equal opportunity employer, focusing on merit at all stages of the hiring and deployment process, assuring accurate role-mapping and competitive remuneration packages. We hire and retain employees not only on the basis of their ability and experience but, also on the basis of their zeal to drive a positive change within the organization.

2,034

Employees recruited during the year under review

Human Capital

Caring for our employees

At HCG, health and safety of our employees remain at the core of our people strategy. While catering to diverse patient needs, we remain cognizant of the requirements of our people. As a result, we adhere to legislative policies and industry standards across our network to reduce risks and promote employee wellness. We also introduce various initiatives to guarantee physical, mental as well as financial well-being of our employees.

All our employees receive comprehensive training for work place health and safety. In daily course of operation, our staff is exposed to specific risk, including exposure to UV and ionizing radiation, and chemical and biological factor. As a result, we focus on providing them with the right conditions and protection to perform their job. During the year, we updated our safety initiatives and shared BCP (Business continuity plan) with all the units to update as per their unit requirement.

16,424

Hours of health and safety training conducted

75%

Employee participation in safety sessions

ZERO

Incidents including fatal accidents reported during the year under review

Building Capability

At HCG, we believe, a talented and skilled workforce is pivotal to business growth and transformation. To adapt to the constantly evolving needs of cancer care, we significantly invest in training programmes to meet the high standards of medical excellence set by our organization. It also enables our people to enhance efficiency, improve capabilities and remain relevant in an extremely dynamic field.

Apart from internal training, we also partnered with some of the leading institutions to provide dedicated training across specific fields to our team. This included fire and safety training, leveraging benefits of MS Office with Microsoft and ICW Trainings with a team of external lawyers. These training programs are reviewed on a regular basis to allow our team to adapt to a changing business environment and remain relevant.

Oncology Focused Nurse Training

At HCG, we have developed a unique model, "Tender Care Programme", to enhance the skill of our nurses through grading, training & fellowship. Through this programme we provide a cognitive, affective and psychomotor training to every nurse in the HCG family. Apart from these training, every week, we help our nurses connect with experts across HCG network through video/ skype conferencing call to discuss doubts related to nursing protocols.

Leaders for Tomorrow

HCG believes in developing leaders for a better tomorrow. We have two main leadership programmes: the Rising Star focuses on encouraging employees to take up higher job roles or positions based on their expertise and knowledge about internal processes. HCG Leadership program, on the other hand, provides an enterprise-wide platform to drive strategically important projects under the mentorship of Senior Leaders.

Our leadership programmes continue to be key differentiators and are hugely successful in retaining top talents as well as attracting new talents to HCG. Our efforts to create leaders for tomorrow help our employees to develop qualities that empower them to adapt to change and successfully lead the organization.

Career Growth Opportunity

We continuously invest in employees throughout their career to create a motivated and engaged workforce. We provide competitive rewards and benefits that are clearly linked to performance and offer opportunities for further career development. We identify talent and give equal opportunities to grow and develop their careers at HCG through initiatives like HCG Leadership Program, Internal Job Rotations and Lateral Shifts.

Training hours

FY 2020	2,00,843
FY 2019	1,96,402
FY 2018	120235

79.08

Amount spent on training and development in FY 2019-20 (₹ in lakhs)

Human Capital

Connecting with our employees

Today, employees look forward to an engaging and inclusive work environment to deliver to the best of their abilities. At HCG, we believe in creating lasting experiences for our people. Therefore, we facilitate open channels of feedback and communication within the organization and initiate various employee engagement sessions with senior leadership to build lasting relationships and nurture a productive culture.

Newsletter - HCGian: A quarterly newsletter created by the employees and for the employees, covering unit- specific news and updates. The newsletter covers organizational updates and events with articles giving insights about employee achievements.

Learning Saturday: Every month training and employee engagement session is conducted on Saturday at the Corporate Office and live streamed to all other HCG Locations. The employees get an opportunity to connect with leaders and department experts, gaining deep insights and knowledge on multiple topics.

Family Engagement Program: Every year a family day is organised, wherein all the employees have the opportunity to bring their children to work. The day is packed with activities, fun and learning with our extended family.

World Environment Day Celebrations: Protecting and saving the environment has always been a key priority at HCG. As a result, on the occasion of World Environment Day, our employees undertake several initiatives to conserve the environment.

World Cancer Day: Being at the forefront of the battle against cancer, at HCG World Cancer Day is a significant event. We conduct activities and mock drills to promote awareness about cancer prevention and treatment.

World Tobacco Day: One of the many causes for cancer is consumption of tobacco. On World Tobacco Day, employees across our network conduct awareness programs on streets and various corporate offices to highlight the ill effects of tobacco consumption.

Awards – rewarding excellence

To foster High Performance Culture across the organisation, covering individuals and work teams and to recognise significant and outstanding contributions we have a well-designed Rewards and Recognition programme that is conducted on a monthly basis.

Academics @ HCG

In line with our philosophy of continuous learning, we believe education can rightly empower our people to improve the standards of excellence offered at HCG. With an aim to strengthen our clinical and operational excellence, we provide access to varied academic programs recognised by national boards and universities. Across our network, we encourage our people to take up skill upgradation programs to nurture proficiencies and build new capabilities.

155

Students registered for various courses in FY 2019-20

30+

Courses offered

Courses offered

MEDICAL

DNB Radiotherapy

DNB Surgical Oncology

DNB Onco Pathtology

DNB Cardiology

DNB Medical Oncology

Fellowship in Breast Cancer Diseases

Fellowship in Oral Onco Surgery

Fellowship in Head & Neck Surgical Oncology

Fellowship in Tumour Pathology
Fellowship in Radio Surgery

HCG Certified Fellowship in BMT & Liver Transplant

HCG Certified Fellowship in Breast Cancers

HCG Certified Fellowship in Critical Care

HCG Certified Fellowship in Gynac Oncology

HCG Certified Fellowship in Haemat & BMT

HCG Certified Fellowship in Medical Oncology

HCG Certified Fellowship in Intervention Radiology

HCG Certified Fellowship in Onco Anaesthesia

HCG Certified Fellowship in Onco Radiology

HCG Certified Fellowship in Orthopaedic Oncology

HCG Certified Fellowship in Advanced Radiation Therapy

HCG Certified Fellowship in Paediatric Haemato Oncology

HCG Certified Fellowship in Surgical Oncology

HCG Certified Fellowship in Onco Pathology

ISCCM – Medical Certification Program

ALLIED HEALTH SCIENCES

B.Sc. Radiation Therapy

B.Sc. OT Technology

B.Sc. Medical Lab Technology

Bachelors in Hospital Administration

HCG Certified Fellowship in Onco Nutrition

HCG Certificate Program in Onco Nutrition

HCG Certified Fellowship in Speech & Swallow

NURSING

P.G. Diploma in Onco Nursing

HCG Certified Nursing Fellowship in Head and Neck Oncology

HCG Certified Nursing Fellowship in Medical Oncology

HCG Certified Nursing Fellowship in Bone Marrow Transplant

HCG Certified Nursing Fellowship in Critical Care

HCG Certificate Program in PICC Line Insertion

HCG Certificate Program in Hospital Infection Control

HCG Certificate Program in Nurse Leadership

Relationship Capital

At HCG, we have a clearly demarcated stakeholder engagement policy to successfully maintain a mutually beneficial relationship. We strive to deliver exceptional value to our stakeholders including patients and communities to our partners, service providers and shareholders, to sustain a competitive edge and make meaningful contributions to society.

MEETING EVOLVING PATIENT NEEDS

With an aim to raise the standards of cancer care in the country and to constantly meet the evolving demands of advanced oncological treatment, we offer our patients technologically advanced diagnostic and treatment facilities. We are constantly working to make cancer treatment affordable in India through various initiatives aimed at ensuring cost optimization and adoption of latest technology. Our investment in linear accelerators and treatment planning software has enabled us to deliver greater accuracy and effectiveness in cancer treatment.

We continue to serve our domestic and international patients through our network of 22 cancer centres across India. At HCG, our goal is to help patients achieve a longer and better life. To fulfil this objective, we rely on innovative approaches to consistently find ways to address patient needs and meet expectations. In order to improve our service offerings, we also rely on patient feedbacks. It enables us to gain better insights into their experience, improve patient engagement, and mend any gaps in service quality. Patient satisfaction is also measured through reliable processes like MRD & Quality review, patient experience calculator, Mortality review and Tumour Boards.

As a patient-centric organization, our focus always remains on managing customer needs efficiently.

To improve patient experience, here's what we do:

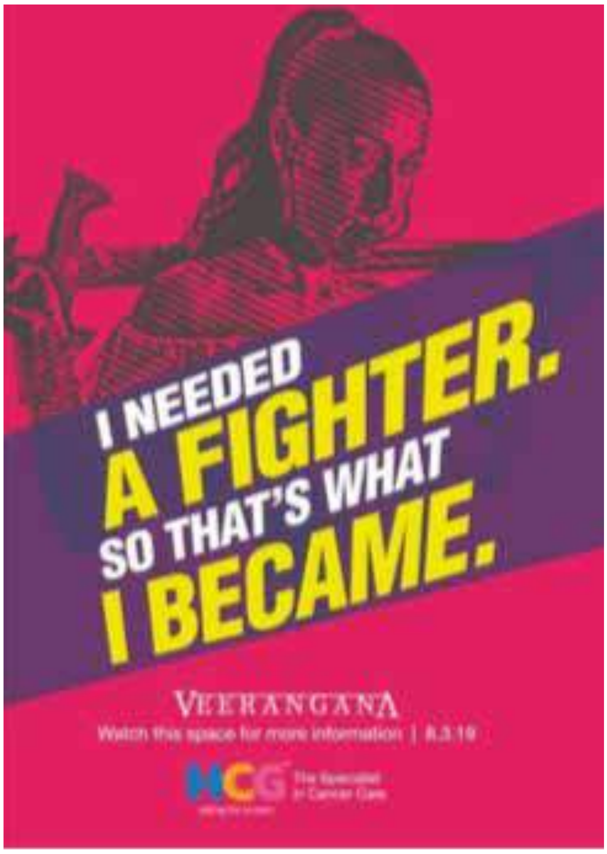
- Make quality cancer care easily accessible
- Bring a range of services to patient's home through our 'HCG Home Health' division
- Offer complete diagnosis and treatment (radiation, surgical and medical oncology) services under a single roof
- A multidisciplinary team working round the clock to ensure proper treatment and care
- State-of-the-art facilities equipped with latest technology to improve efficiency of cancer care

Consumer Awareness Campaign

Interactive Theatre Sessions at Corporate

Fitathon

To create awareness about breast cancer and promotion of health and fitness among women, we conducted HCG Fitathon Event at Vizag. The event was flagged off by actor, Mr. Milind Soman along and a Centre for Breast Health with mammogram facilities was inaugurated.



Veerangana – Martial art activity conducted at corporate

Vizag Going Pink

HCG Cancer Centre, Vizag was the exclusive cancer awareness partner for Vizag Going Pink. A women's run held on 8th December 2019 to spread breast cancer awareness.

Relationship Capital

Success Stories

Dr. Keerti Tewari –cancer winner

Dr. Keerti Tewari, a civil servant by profession, was diagnosed with breast cancer in 2007. Terrified with the diagnosis, she was completely taken aback by this shocking incidence. While self-pity and denial took over her emotions, she gathered the courage to fight the disease with the moral support of her daughter. Today, she is completely cured and Keerti joined three other survivors in Bengaluru to start the Pink Hope Cancer Support Group in 2009 to help others cope with the trauma and pain associated with the disease. At present, Keerti resides in Delhi and offers counselling over the phone. Her group has also grown and includes many cancer survivors who are helping others to face and overcome challenges.

Keerti's advice is simple, "Take it one day at a time and live from moment to moment. And never give up." Stressing the importance of early detection and treatment, she says, "The most important thing to focus on in cancer is 'can'...that you can do it and can overcome it." According to her, it is this can do attitude that helped to tide over the crisis successfully.

Take it one day at a time and live from moment to moment. And never give up

- Dr. Keerti Tewari

Cancer is not contagious; but victory over cancer can be made contagious. Live your new life consciously and help others to succeed,"

- Reminded Amar

Amar Bhaskar - cancer winner

Amar Bhaskar, a senior executive in a global tech company faced his tryst with cancer in 2006 when he noticed a persistent ulcer on his tongue. Diagnosed as a malignant tongue carcinoma, it was the beginning of his battle with cancer. After the initial setback, he accepted it as a part of life and moved on, pursuing his work as well as his passion for cricket, yoga, carpentry and photography. Amar recovered from cancer and remained in high spirits, bouncing back to enjoy a normal life.

However, three years later in 2009, the cancer recurred. This time, surgery was the only option and a portion of his tongue had to be removed. The recovery was also challenging in comparison to the first time. While he struggled to regain normal speech, his zeal for life never ended. With the help of his family, Amar emerged victorious and defeated cancer for the second time. Amar frequently organizes exhibitions to raise funds for social causes and in 2010, he joined the Pink Hope Cancer Patient Support Group. He is in charge of the programme now and conducts awareness programmes for cancer warriors, giving them hope and confidence. Spreading the message of positivity, Amar says, "Cancer is a six-letter word and so is Prayer. It is the power of Positive thinking that gives you the strength to Regain Control, Adapt to Changes, reinvent Yourself, Explore your hidden talents and Rejoice with your family and friends.

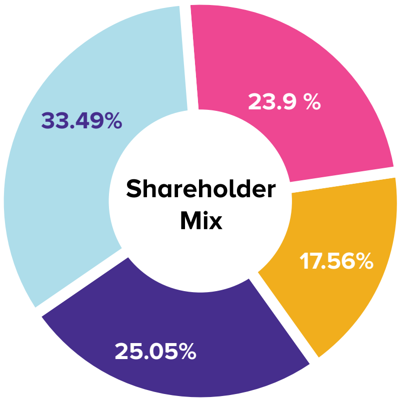
Stakeholder relationship initiatives

We, at HCG, believe in maintaining transparent and effective communication channels with our investors. To keep them abreast of our activities, performances, strategies and plans, we engage through earnings calls, presentations, meetings and conferences. We are always keen to engage with our stakeholders and the investor relations department takes initiatives to address queries of the investors, analysts proactively. Our efforts to abide by a strict code of conduct and our constant endeavour to maintain open communication with all our investors and shareholders assist them to efficiently understand our business model.

9,993

No. of shareholders as on 31st March 2020

As part of the IR initiatives, the company was the 1st in peer group to adopt (IIR) integrated reporting standards for enhanced disclosure on financial and non-financial developments. Going forward, the focus is on improving ESG and impact driven consciousness and compliance across the organization.



- Promoter and promoter group
- Mutual funds
- Foreign Portfolio Investors
- Others

10+

Total no. of sell-side analysts covering

2

No. of new research coverage reports in FY 2019-20


citi

Citi Research
Equities

Healthcare Global Enterprises (HEAC.NS)

Initiate at Buy on Niche Cancer Care Play; TP Rs170

Collaboration with Business partners

To fulfil our primary goal of providing superior services to our patients, over the years, we have identified business partners who have consistently met our evolving needs and requirements. Comprising of technology vendors, pharmaceutical companies, suppliers, TPAs and insurance companies, specialist physicians, and hospital infrastructure providers, our partners enable us to serve our patients better. We undertake partnerships to create value for a larger patient community while forging lasting relations with local doctors and surgeons to ensure excellent care.

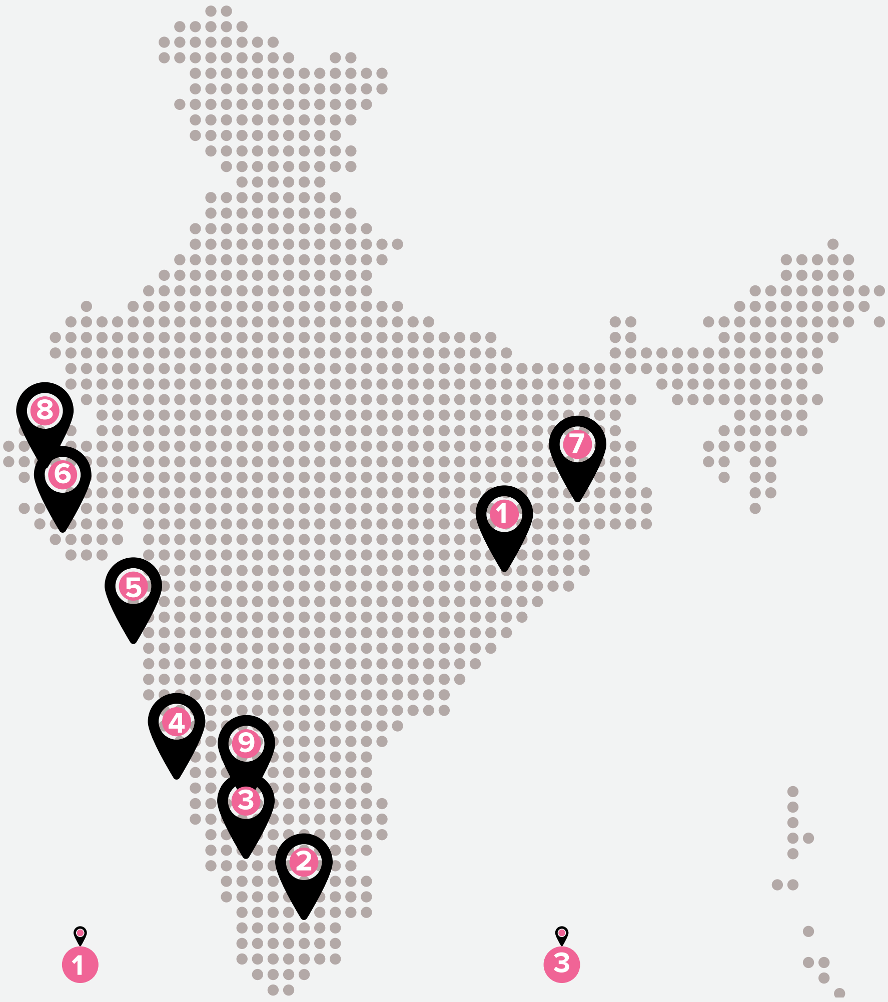
We constantly seek to develop a mutually beneficial relationship, based on trust and transparency. Therefore, we tend to choose partners on the basis of their expertise, reputation, values and ethics. Given the dynamic nature of our business, we encourage partnerships with local agencies/organizations to empower local communities in which we operate.

Vendors

ACCURAY · Elekta · GE · PHILIPS · SIEMENS · varian

Relationship Capital

Our business partners



1

Location:	Cuttack
Partners:	Dr. K.S. Panda, through Panda Medicals Pvt. Ltd. *Surgical oncologist*
Nature of Partnership:	Free for services and rent paid to our partner.

2

Location:	Chennai
Partners:	Sri Kavery Medical Care Ltd. *Multispeciality Hospital*
Nature of Partnership:	Revenue Share

3

Location:	Bangalore
Partners:	M. S. Ramaiah Hospital, through Gokula Education Foundation *Educational Institute and Multispeciality Hospital*
Nature of Partnership:	Revenue Share

4

Location:	Hubli
Partners:	NMR Medical Institute Pvt. Ltd. *Freestanding Diagnostics centre*
Nature of Partnership:	Revenue Share

5

Location:	Nasik
Partners:	Dr. Raj Nagarkar *Surgical Oncologist*
Nature of Partnership:	Minority partner

6

Location:	Ahmedabad
Partners:	Astha Oncology Private Ltd. *Group of Surgical Oncologists*
Nature of Partnership:	Minority partner

7

Location:	Kolkata
Partners:	Eko diagnostics pvt. ltd. *Chain of diagnostic centers*
Nature of Partnership:	Minority partner

8

Location:	Rajkot
Partners:	Shiv-sun medical services llp *Group of medical consultants*
Nature of Partnership:	Minority partner

9

Location:	Shimoga (Shivamogga)
Partners:	Group of Doctors
Nature of Partnership:	Minority Partner

Relationship with Government

At HCG, we ensure full compliance to rules, regulations and applicable laws stipulated by regulatory authorities. Our business operations and practices are not just compliant to relevant legislation, we are keen to foster a deep-rooted culture of accountability and transparency to maintain the highest standards of ethical and corporate governance.

We also make significant contributions to government initiatives through participation in programs aimed at improving the quality of life. Through our efficient and state-of-the-art healthcare infrastructure, we continue to foster growth in the healthcare sector, thereby contributing to the overall development of the nation.

Association with Regulatory Bodies

At HCG, we work towards strengthening our alliances with regulatory bodies and associations in the healthcare sector. Our regular engagements have helped us to build and strengthen external stakeholder relationships and have positioned us to make notable contributions towards regulatory matters. We regularly share our inputs and participate in policy development endeavours to ensure accessibility and affordability of quality care within the industry.

Effective engagement with Media

To ensure maximum outreach and visibility of brand 'HCG', our Public Relations team works in tandem with our media partners to ensure appropriate engagement. We have also created a one-of-its-kind platform, www.selfv.in for cancer survivors, to upload inspirational stories about their fight against cancer. This has motivated and impacted millions of cancer patients and their families, instilling hope and positivity in unique ways. Our initiatives have touched thousands of lives, cutting across geographical boundaries, age groups and genders, inspiring them to lead a happy and healthy life.

ET Healthworld.com

HCG emphasizes on the need to offer psychological assistance to cancer patients and their families

According to the 2019 report Cancer patients have a fourfold risk of suicide compared to the general population.

ETHealthWorld | October 10, 2019, 23:22 IST

VIEW IN APP

Bengaluru, October 10th 2019: On World Mental Health Day, HCG – The specialist in cancer care organised a session to bring about conscious awareness and highlight the importance to facilitate professional psychological assistance to cancer patients and their families.

Media coverage in print

Include psycho-oncology in cancer care, say doctors

BENGALURU, DHNS

Three out of five cancer patients experience severe psychological distress warranting medical intervention, doctors in the city said, urging the inclusion of psycho-oncology in mainstream cancer treatment.

"Cancer brings tremendous psychological distress on patients and families," said Director, and psycho-oncology service. She pointed to a nationwide study which showed that 92% of patients experienced psychological distress of varying magnitude.

"Psycho-oncology addresses the psychological issues and concerns of cancer patients and their families. It must be included in the mainstream cancer care," Dr Brindha said.

On World Mental Health

'Cancer patients more prone to suicide'

EXPRESS NEWS SERVICE
@ Bengaluru

PSYCHO-social care for cancer patients should be recognised as a fundamental right, said specialists at a conference hosted by HCG- The Specialist in Cancer care on World Mental Health Day.

The specialists said that a 2019 report revealed that cancer patients have a fourfold risk of suicide compared to the general population. "There is also a twofold increase since a previous study in 2002. The risk is potentially preventable if psychological needs of the patients are met," experts said. However, there are hardly 25-50 psycho-oncologists in India.

Dr Brindha Sitaram, Group Director, Psycho-oncology Service said, "Cancer brings with it tremendous psychological distress to the victims and their families. Nearly three out of five patients experience severe psychological distress."

Dr B S Ajaikumar, Chairman & CEO, HealthCare Global Enterprises Limited said, "Cancer care professionals need to address the emotional needs of their patients and refer them to qualified mental health professionals. Early detection of emotional difficulties can lead to a better quality of life."

A psycho-oncology study group including oncologists, psycho-oncologists, palliative specialists, nurses, medical social workers will come together to impart education and training in the said subject.

Natural Capital

At HCG, we believe in meeting today's needs without compromising the interests of a sustainable future. On our way to a greener tomorrow, we strive to be responsible towards the environment, finding innovative ways and solutions to reduce our environmental footprints. In our commitment to nurture and preserve our natural capital, we continue to invest in optimum resource utilization, thereby building synergies to reuse and recycle natural resources.

IN ORDER TO MINIMISE OUR ENVIRONMENTAL FOOTPRINTS, WE HAVE ESTABLISHED A ENVIRONMENTAL MANAGEMENT SYSTEM FOR CONTINUOUS IMPROVEMENT THAT ENCOMPASSES:

- establishing an environmental policy
- assessing the impacts of the organization on the environment
- implementing standards, programs and procedures
- raising awareness and changing behaviours
- measuring and auditing results
- reviewing progress and revising the environmental management system as needed

Energy usage and emission

Managing our energy needs is an integral part of our operational strategy. To enable efficient energy utilization, we constantly monitor and record our energy consumption across operations and set thresholds to keep consumption within prescribed limits. We also seek to adopt renewable energy to ensure optimum utilization of resources. In our endeavour to move towards clean energy, we have installed solar roof tops and have opted for LED lights to further reduce our carbon footprint.

625 KVA

Capacity of solar rooftop

The Solar plant is spread across an approximate area of 45,000 square feet with total generation of approximate 62,500 units per month, which is aimed to cater to the huge electricity demand of our hospital.

Waste Management

Through our operations, we generate various types of hazardous and non-hazardous waste including Bio medical waste, DG set oil waste and general waste. A significant amount of waste generated by us is classified as hazardous waste. At HCG, we ensure proper handling and disposal of waste, in an environment-friendly manner, strictly adhering to applicable rules and regulations.

To ensure proper disposal, bio medical waste generated in our facilities is handed over to the Common Bio Medical Waste Treatment Facility, authorized by the State Pollution Control Board. Similarly, DG set oil waste is handed over to a State Pollution Control Board authorised vendor, following optimum waste management procedures. Our waste management policy lays a strong emphasis on reducing waste at source, and at HCG, we indulge in proactive ways to maximise recycling endeavours.

70,065

General Waste generated (in kgs per year)

2,84,352.7

Bio Medical Waste generated (in kgs per year)

4,056

E-Waste generated (in kgs per year)

Optimum Utilization of Water

As a responsible and sustainable organization, HCG is committed to ensure optimum utilization of water. We constantly strive to reduce water consumption in our hospitals and healthcare centres and look for ways to reuse and recycle water. To ensure optimum utilization of water, we have installed water meters at discharge points. It not only enables us to monitor the quantity of water discharged, it is also beneficial for reusing water in other areas. At HCG, we remain motivated to instil better water management techniques while fostering methods for recycling and reusing.

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty Second 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, 2020.

1. Financial Highlights:

The highlights of Standalone and Consolidated financial results of your Company and its subsidiaries are as follows:

(₹ in million)

Consolidated	2019-20	2018-19
Income from operations including Income from Govt Grants	10,956.4	9,786.7
Total Expenditure excluding Depreciation, Interest cost and tax	9,234.6	8,534.8
Profit including income from govt. grant and before other income, depreciation, interest cost, tax	1,721.8	1,251.9
Other income	69.7	74.1
Depreciation and Finance Charges	2,860.9	1,549.9
Share of (loss) of equity accounted investees	-123.2	-109.8
Loss before tax	-1,192.6	-333.8
Loss after tax attributable to the owners of the Company	-1,067.0	-248.0
Standalone		
Income from operations including Income from Govt Grants	6,895.8	6,414.3
Total Expenditure excluding Depreciation, Interest cost, tax and exceptional items	5,726.1	5,464.3
Profit including income from govt. grant and before other income, depreciation, interest cost, tax and exceptional items	1,169.7	950.0
Other income	108.6	125.5
Depreciation, Finance Charges and exceptional items	1,932.9	949.8
Profit/(Loss) before tax	-654.6	125.7
Profit/(Loss) after tax	-533.0	72.5

Note: The Company has adopted Ind AS 116 with effect from April 01, 2019. The figures for FY 2019-20 are including the accounting treatment for Ind AS 116.

2. Performance Overview

The standalone and consolidated financial statements for the financial year ended March 31, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Consolidated Operations:

The consolidated income from operations including income from government grant for FY 2019 - 20 was ₹ 10,956.4 million as compared to ₹ 9,786.7 million in the previous fiscal year, reflecting a growth of 12%. EBITDA in FY 2019-20 was ₹ 1721.8 million as compared to ₹ 1,251.9 million in FY 2018-19, reflecting an year-on-year increase of 37.5%. EBITDA margin for the year was 15.7% as compared to 12.8% in FY 2018-19, reflecting an increase of 2.9%. This was primarily due to the accounting impact on adoption of Ind AS 116, partially offset by losses incurred by new centers. Profit (loss) after tax in the current fiscal year was ₹ (1067.0) million as compared to ₹ (248.0) million in FY 2018-19 mainly on account of adoption of Ind AS 116 and losses from newly set up centres.

The revenue growth was driven by 12.1% growth from HCG Centres (including the multi-specialty hospitals) while Revenue from Milann centres grew by 9.0%. HCG Centres constituted 93.6% of the consolidated revenues for the Company and the remaining 6.4% of the consolidated revenue was contributed by Milann Centres.

Standalone Operations:

The Company ended the year FY 2019-20 with income from operations including Govt. Grants of ₹ 6,895.76 million as compared to ₹ 6,414.3 million for the previous financial year, reflecting an increase of 7.5%. Our EBITDA before exceptional items for FY 2019-20 was ₹ 1,169.67 million with EBITDA margin of 17%.

For more information, please refer to the Financial and Operating Highlights in Management Discussion and Analysis Report.

3. Business and Strategy:

3.1 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 as of May 31, 2015 (Government of India, Atomic Energy Regulatory Board).

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. 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.

As a group, we continue to deliver the highest standards of clinical outcomes across all our centres. Our standardised clinical protocols for diagnosis and treatment of cancer patients have allowed us to manage the large volume of patient cases across our HCG network with successful clinical outcomes. Mapping our own clinical outcomes and constantly evolving HCG treatment guidelines has paved way for standardization of clinical pathways and improvement in the functioning of the clinical departments. 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.

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.

As of March 31, 2020, our HCG network consisted of 25 centres including comprehensive cancer centres and multispecialty hospitals across India and 1 centre in Africa. Each of our comprehensive cancer centres offers, at a single location, comprehensive cancer diagnosis and treatment services (including radiation, medical oncology and surgical treatments). The details of our existing comprehensive cancer centres as on the date of this report and their facilities and service offerings, including those under development forms part of the Management Discussion and Analysis Report.

3.2 Strategy:

a) Expand the reach of our cancer care network in India:

We plan to expand our 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 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. We believe that our planned network will cater to the increasing unmet demand for cancer care in India.

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.

4. Management Discussion and Analysis Report:

In terms of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI LODR Regulations"), the Management Discussion and Analysis Report (MD&A) 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. The MD&A Report provides a consolidated perspective of economic, social and environmental aspects material to its strategy and its ability to create and sustain value to your Company's key stakeholders.

5. Transfer to Reserves and Surplus/Retained Earnings:

The adjustments made to the reserves and surplus/ retained earnings are available in the Statement of Changes in Equity, which forms part of the Financial Statements.

6. Dividend:

The Company continues to look at growth prospects through new investment opportunities. Considering that consolidation is taking place in the Healthcare Industry in India, it presents us with more challenges in terms of growth and it is imperative that the Company looks at available options for organic as well as in-organic growth. Achieving a consistent sustainable growth over the next few years and consolidating Company's position competitively would be a key objective.

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.

In terms of Regulation 43A of the SEBI LODR 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 said policy is hosted on the website of the Company at https://hcgel.com/policies-and-guidelines/.

7. 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.

8. 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.

9. Subsidiaries and Associates:

As on March 31, 2020, the Subsidiaries, Associates and Joint Venture Companies of the Company are as under:

Sl. No.	Name of the entity	Country of Incorporation	Primary business activity for which it was formed	% of ownership held by the Company as at March 31, 2020
1	HCG Medi-Surge Hospitals Private Limited	India	Cancer Care	74.00%
2	Malnad Hospital & Institute of Oncology Private Limited	India	Cancer Care	70.25%
3	HealthCare Global Senthil Multi Specialty Hospitals Private Limited	India	Cancer Care	100.00%
4	Niruja Product Development And Healthcare Research Private Limited (name changed with effect from November 10, 2016 from MIMS HCG Oncology Private Limited)	India	Research and Development	100.00%
5	BACC Health Care Private Limited (Refer Note 46 to the Consolidated Financial Statements)	India	Fertility	50.10%
6	HealthCare Diwan Chand Imaging LLP	India	Radiology/ Imaging	75.00%
7	APEX HCG Oncology Hospitals LLP (along with the Shareholding of Niruja Product Development and Healthcare Research Private Limited)	India	Cancer Care	100.00 %
8	HCG NCHRI Oncology LLP	India	Cancer Care	76.00%
9	HCG Oncology LLP	India	Cancer Care	74.00%
10	HCG EKO Oncology LLP	India	Cancer Care	50.50%
11	HCG Manavata Oncology LLP	India	Cancer Care	51.00%
12	HCG SUN Hospitals LLP	India	Health Care Services (Multi- Specialty)	74.00%
13	HCG (Mauritius) Pvt. Ltd. (along with the Shareholding of Niruja Product Development and Healthcare Research Private Limited)	Mauritius	Health Care Services	100.00%
14	Healthcare Global (Africa) Pvt. Ltd.	Mauritius	Health Care Services	76.73%
15	HealthCare Global (Uganda) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Uganda	Cancer Care	76.73%
16	HealthCare Global (Kenya) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Kenya	Cancer Care	76.73%
17	HealthCare Global (Tanzania) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Tanzania	Cancer Care	76.73%
18	Cancer Care Kenya Limited (Subsidiary of HealthCare Global (Kenya) Private Limited)	Kenya	Cancer Care	59.47%
19	Strand Life Sciences Private Limited (shareholding on fully diluted basis)	India	Clinical Diagnostics, Bioinformatics & Clinical Research	38.2%
20	Advanced Molecular Imaging Limited (HealthCare Global (Kenya) Private Limited holds 50% of the share capital)	Kenya	Production of Fluro Deoxi Glucose (FDG)	38.37%

As on the date of the Report, none of the subsidiary companies other than HCG Medi-Surge Hospitals Private Limited is a Material Subsidiary, within the meaning of Material Subsidiary as defined under the SEBI LODR Regulations, as amended from time to time.

There were no new subsidiaries, associates incorporated during the Financial Year.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the Financial Statements of the Company's Subsidiaries and Associates in Form AOC-1, that forms part of this Report is attached as **Annexure 5**. Pursuant to Section 129 of the Companies Act, 2013, 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 thereunder, 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 https://hcgel.com/investors.

b) The audited financial statements of subsidiary companies together with related information and other reports of each of the subsidiary companies would be placed on the website of the Company https://hcgel.com/investors.

10. Public deposits:

Your Company has not accepted any deposits from public in terms of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014; and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

11. Unsecured loan from Directors:

In accordance with Section 179 and 73 of the Companies Act 2013 read with Companies (Acceptance of Deposits) Rules 2014, and other applicable provisions, if any, the Company, during the year under review, has received ₹ 50 Million as unsecured loan from Dr. B.S. Ajaikumar, Whole time Director. As on March 31, 2020, the total amount outstanding towards Principal and interest was ₹ 31.23 Million. Subsequently, all the amounts outstanding has been repaid; and as on the date of the Report no such amounts are outstanding and payable to Dr. B.S. Ajaikumar in this regard.

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 SEBI LODR 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 SEBI LODR Regulations, your Company has formulated a Policy on Related Party Transactions. This 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 into by your Company during the year.

A statement giving details of all related party transactions, entered pursuant to the omnibus approval so granted, is placed before the Audit Committee for their review, on a quarterly basis. The policy on Related Party Transactions has been hosted on the Company's website https://hcgel.com/policies-and-guidelines/ in terms of the SEBI LODR Regulations relating to Corporate Governance.

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 6** and forms part of the report.

Pursuant to Regulation 23(9) of the Listing Regulations, your Company has filed the reports on related party transactions with the Stock Exchanges.

14. Share capital as on March 31, 2020 and changes made to the capital structure of the Company from the Balance sheet date till the date of the Report:

14.1 Share Capital as on March 31, 2020:

a) Authorized Share Capital: As on March 31, 2020, the authorized share capital of the Company is ₹ 1,32,00,00,000 consisting of 13,20,00,000 equity shares of ₹ 10 each,

b) Issued, Subscribed and Paid-up Share Capital: The Issued, Subscribed and Paid-up Share Capital of the Company has increased from ₹ 87,91,90,330 consisting of 8,79,19,033 equity shares of ₹ 10 each to ₹ 88,69,06,290 consisting of 8,86,90,629 equity shares of ₹ 10 each during the year.

The increase in the Issued, Subscribed and Paid-up Share Capital was on account of allotment of shares as under:

Name of allottee	No. of shares allotted	Issue price (₹)	Date of allotment
Employees (On exercise of ESOP)	2,500	10	23/05/2019
	8,000	10	08/08/2019
	25,700	10	07/11/2019
	24,870	10	12/02/2020
Preferential allotment of Equity shares to Dr. Kunnathu Philipose Geevarghese	7,10,526	10	24/06/2019

At the Extraordinary General Meeting of the Members of the Company ("EGM") held on Monday, June 24, 2019, shareholders of the Company, by way of Special Resolution, approved the issue of equity shares on preferential allotment / private placement basis to Dr. Kunnathu Philipose Geevarghese. Subsequently the Board of Directors approved the allotment of 7,10,526 equity shares of ₹ 10 each of the Company, at a price per share of ₹ 285 (including share premium of ₹ 275 per share).

14.2 Signing of the Investment Agreement:

The Company has signed an Investment Agreement ("Investment Agreement") by and between Aceso Company Pte. Ltd., Singapore ("Investor") and Dr. B.S. Ajaikumar, ("Promoter") on June 04, 2020. As per the Investment Agreement, the Investor had agreed to subscribe to 2,95,16,260 Equity Shares and 18,560,663 warrants (convertible to equal number of equity shares) of the Company, in tranches, at ₹ 130 per equity share, aggregating to ₹ 625 Crore. The Investment Agreement sets out the rights and obligations of the parties in relation to the investment by the Investor in the Company, inter-se rights and obligations of the Promoter and Investor as shareholders of the Company, management of the Company and other matters in connection therewith.

14.3 Changes in the Share Capital, including details of allotment of securities of the Company since April 01, 2020 till the date of the Report.

a) Authorized Share Capital: As on the date of this report, the authorized share capital of the Company is ₹2,00,00,00,000 consisting of 20,00,00,000 equity shares of ₹ 10 each. The shareholders of the Company, through the Postal Ballot, have approved on June 12, 2020, the increase of authorized share capital of the Company and consequent alteration of Capital Clause V of the Memorandum of Association of the Company from ₹ 1,32,00,00,000 divided into 13,20,00,000 Equity shares of ₹ 10 each to ₹ 2,00,00,00,000 divided into 20,00,00,000 Equity Shares of ₹ 10 each aggregating to ₹ 2,00,00,00,000.

b) Changes in Issued, Subscribed and Paid-up Share Capital pursuant to the allotments of shares to the Investor as per the Investment Agreement: The Issued, Subscribed and Paid-up Share Capital of the Company has increased form ₹ 88,69,06,290 consisting of 8,86,90,629 equity shares of ₹ 10 to ₹ 1,25,26,40,840 consisting of 12,52,64,084 equity shares upon the following allotments of securities of the Company to the Investor, on July 28, 2020, based on the Investment Agreement and the approval of the shareholders of the Company received on June 12, 2020.

(i) 2,95,16,260 equity shares of ₹ 10 each of the Company, at a price per share of ₹ 130 (including share premium of ₹ 120 per share), upon receipt of ₹ 383,71,13,800.

(ii) 1,85,60,663 warrants ("Series A Warrants") to the Investor, at a subscription price per warrant of ₹ 130 per warrant with a right to the Warrant Holder on exercise to apply for and be allotted 1 (One) Equity Share of the face value of ₹ 10 each of the Company ("Equity Shares") at a premium of ₹ 120 per share for each warrant, in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the Series A Warrants. As required under the provisions of Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), the Investor has remitted an amount equivalent to 25% of the Consideration i.e. ₹ 60,32,21,548 on allotment of series A Warrant and the remaining 75% of the consideration shall be payable by the Investor on the exercise of the Series A Warrant (s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the Series A Warrants.

(iii) 70,57,195 equity shares of ₹ 10 each of the Company, at a price per share of ₹ 130 (including share premium of ₹ 120 per share) upon exercise of 70,57,195 Series A Warrants by the Investor out of the total 1,85,60,663 Series A Warrants, upon receipt of ₹ 68,80,76,513 towards 75% of the consideration for conversion of 70,57,195 Series A Warrants to Equity.

c) Issue and allotment securities to Dr. B.S. Ajaikumar, Promoter ("Promoter"), on a preferential basis ("Preferential Allotment"): The Board of Directors of the Company on June 26, 2020, pursuant to the approval of the shareholders of the Company received on June 12, 2020, has made a preferential allotment of 20,00,000, Series B Warrants, to Dr. B.S. Ajaikumar, Promoter ("Promoter") with a right to apply for and be allotted 1 Equity Share of the face value of ₹ 10 each of the Company, at a premium of ₹ 120 for each series

B Warrant. As required under the provisions of the ICDR Regulations, Promotor has remitted an amount equivalent to 25% of the Consideration i.e. ₹ 6,50,00,000 on allotment of series B Warrant and the remaining 75% of the consideration i.e. ₹ 19,50,00,000 shall be payable by him on the exercise of the Series B Warrant(s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the Series B Warrants.

14.4 Open Offer:

Upon signing of the Investment Agreement, JM Financial Limited, Manager, appointed by the Investor, as required under Regulation 14(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("SEBI (SAST) Regulations"), has announced an Open Offer pursuant to and in compliance with Regulations 3(1) and 4 of the "SEBI (SAST) Regulations"), where the Investor - Aceso Company Pte. Ltd. along with Aceso Investment Holdings Pte. Ltd. ("PAC 1"), CVC Capital Partners Asia V L.P. ("PAC 2"), CVC Capital Partners Investment Asia V L.P ("PAC 3") and CVC Capital Partners Asia V Associates L.P. ("PAC 4") (hereinafter PAC 1, PAC 2, PAC 3 and PAC 4 are collectively referred to as the "PACs"), in their capacity as the persons acting in concert with the Investor, for acquisition of up to ₹ 32,613,192 fully paid-up equity shares of face value of ₹ 10 each ("Equity Shares") from the Public Shareholders of the Company, representing 26% of the Expanded Voting Share Capital, at a price of ₹ 130/- per Equity Share aggregating to total consideration of ₹ 423,97,14,960 payable in cash. In this regard, JM Financial Limited, on behalf of the Investor has also filed the Draft Letter of Offer with Securities and Exchange Board of India on June 18, 2020.

Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.

15. 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 LODR Regulations. 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.

For the purpose of Rule 8(5) (iiia) of the Companies (Accounts) Rules, 2014, there were no independent directors appointed during the year ended March 31, 2020. List of key skills, expertise and core competencies of the Board is provided in the Corporate Governance Report, forming part of the Annual Report.

16. Extract of Annual Return:

The extract of the Annual Return of your Company as on March 31, 2020 as provided under sub-section (3) of Section 92 of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 in the Form MGT 9 is annexed herewith as **Annexure 1.** Additionally, your Company has also placed a copy of Annual Return on its website at https://hcgel.com/investors.

17. Board of Directors:

Our Board comprises of 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 on March 31, 2020, the Board comprised 5 (five) Independent Non-Executive Directors, 2 (two) Non-Executive Non-Independent Directors and 2 (two) Executive Directors/Whole-time Directors. The Executive Director, Dr. B. S. Ajaikumar is the Chairman of the Board. All 5 Independent Directors are free from any business, pecuniary or other relationship that could materially influence their judgment and satisfy the criteria of independence as defined under the Companies Act, 2013, and SEBI LODR Regulations. The Company has 1 (one) woman Director on the Board, who is an Independent and Non-Executive Director. The profiles of these Directors forms part of the Annual Report.

17.1 Appointment of Directors:

During the year under review, there were no new appointments to the Board of Directors of the Company. Since the initial term of 5 years of Dr. Sudhakar Rao and Mr. Shanker Annaswamy, Independent Directors was expiring on February 24, 2020, the Nomination and Remuneration Committee of the Board evaluated the performance of Dr. Sudhakar Rao and Mr. Shanker Annaswamy, and based on the annual performance evaluation conducted by the Board during their tenure, and considering their integrity, expertise and experience, has made its recommendation to the Board for their reappointment. The Board of Directors and the shareholders of the Company have reappointed Dr. Sudhakar Rao and Mr. Shanker Annaswamy as Independent Directors for a second term of 5 years, effective from February 25, 2020.

However, there have been changes to the constitution of the Board after the year under review. The changes in the constitution of the Board from April 01, 2020, till the date of the Report is as under:

(a) Dr Ramesh S Bilimagga has completed his tenure as Executive Director on May 21, 2020. Dr. B.S. Ramesh has continued on the Board of the Company as Non-Executive Director from May 22, 2020. Subsequently, he has resigned from the Directorship of the Company effective from the closing of business hours of June 30, 2020. Dr B.S. Ramesh has informed the Board that he intends to seek approval of the Board for the declassification of his current categorization as a 'promoter' of the Company, to that of a public shareholder of the Company; pursuant to which he has resigned as a Director of the Company.

(b) Initial term of 5 years of Mr. Suresh Chandra Senapaty and Dr. Sampath Thattai Ramesh, as Independent Directors, have come to an end on May 28, 2020. The said Directors have conveyed their desire not to seek appointment as an Independent Directors of the Company for the second term due to their personal commitments.

(c) On July 28, 2020, Mr. Siddharth Patel and Mr Amit Soni, have been appointed as Additional Directors, as nominees of Asceo Company Pte Ltd, on the Board of the Company, as per the Investment Agreement dated June 04, 2020 entered into by and amongst the Company, Dr. B. S. Ajaikumar and Aceso Company Pte. Ltd ("Investment Agreement").

Members of the Board placed on record their appreciation for the remarkable support and guidance provided by Dr. B. S. Ramesh, Mr. Suresh Chandra Senapaty and Dr. Sampath Thattai Ramesh, during their tenure as Directors, and for their active participation in all the decision making processes of the Board.

17.2 Reappointment of Directors:

(a) Reappointment of Dr. B. S. Ajaikumar (DIN 00713779) as Whole-time Director and CEO of the Company: Nomination and Remuneration Committee of the Board recommended, the Board of Directors and the Shareholders of the Company have approved re-appointment of Dr. B. S. Ajaikumar as Whole-time Director and CEO of the Company for a period of 4 years with effect from July 01, 2019.

(b) Reappointment of Dr. Sudhakar Rao (DIN 00267211) and Mr. Shanker Annaswamy (DIN 00449634) as Independent Non-Executive Directors of the Company: Dr. Sudhakar Rao and Mr. Shanker Annaswamy were appointed as Independent Directors of the Company for a term of 5 years with effect from February 25, 2015 till February 24, 2020.

The Nomination and Remuneration Committee of the Board ('the Committee') evaluated the performance of Dr Sudhakar Rao and Mr. Shanker Annaswamy, based on the annual performance evaluation conducted by the Board during their tenure, and made its recommendation to the Board on November 07, 2019, for the reappointment of Dr. Sudhakar Rao and Mr. Shanker Annaswamy.

Board of Directors and shareholders of the Company on January 16, 2020 and February 20, 2020, respectively, have approved the re-appointment of Dr. Sudhakar Rao and Mr. Shanker Annaswamy as Independent Non-Executive Directors of the Company, for a second term of 5 years, w.e.f February 25, 2020. With regard to the reappointment of Dr. Sudhakar Rao, consent of the shareholders by way of Special Resolution was also obtained in terms of Section 149 of the Act and Regulation 17 of the SEBI LODR Regulations 2015, for continuation of Dr. Sudhakar Rao as Independent Director beyond the age of seventy-five years, as Dr. Sudhakar Rao will attain the age of seventy-five years on 3rd September 2024, which is during the second term of 5 years of reappointment.

(c) Reappointment of Ms. Bhushani Kumar (DIN: 07195076) as Independent Non-Executive Director : On May 21st, 2020, the Board of Directors of your Company have approved the re-appointment of Ms. Bhushani Kumar (DIN: 07195076) as an Independent Director of the Company, for a second term, for a period of 1 (one) year, effective from May 29, 2020, subject to shareholders' approval. The Company proposes to seek and obtain the approval of the shareholders before the Annual General Meeting (AGM).

(d) Retirement by rotation: As per the provisions of the Companies Act, 2013, Dr. Amit Varma, Non-Independent Non-Executive Director of the Company is retiring by rotation at the forthcoming Annual General Meeting, and being eligible has offered himself for reappointment.

18. Number of meetings of the Board:

The Board met four times during the financial year 2019-20 viz., on, May 23, 2019, August 08, 2019, November 07, 2019 and February 12, 2020. The maximum interval between any two meetings did not exceed 120 days.

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.

19. Key Managerial personnel:

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMPs) of the Company are:

a) Dr. B. S. Ajaikumar – Chairman & CEO
b) Mr. Srinivasa V Raghavan – Chief Financial Officer
c) Ms. Sunu Manuel – Company Secretary

During the year under review, there were no changes in KMPs of the Company.

20. Committees of the Board and their constitution:

The Board has formed the following five Committees. The composition of Committees of the Board along with relevant information pertaining to Directors are detailed in the Corporate Governance Report which forms a part of this Report.

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

Keeping in view the requirements of the Companies Act, 2013 and SEBI LODR Regulations, as amended from time to time, the Board reviews the Terms of Reference of these Committees and the nomination of Board Members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

(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 as on March 31, 2020 was as under:

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

Since the initial term of Mr. Suresh Chandra Senapaty as an Independent Director of the Company has come to an end on May 28, 2020, he has ceased to be a member of the Committee on the same day. In this regard, the Board of Directors has appointed Dr. Sudhakar Rao, Independent Director, member of the Audit and Risk Management Committee as the Chairman of the Audit and Risk Management Committee, effective from June 12, 2020. Mrs. Bhushani Kumar, Independent Director was also appointed as a member of the Audit and Risk Management Committee effective from June 12, 2020.

Subsequently, as per the Investment Agreement Mr Amit Soni has been nominated as a member of the Committee on July 28, 2020.

(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.

The members of the Nomination and Remuneration Committee as on March 31, 2020 were:

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

Since the initial term of Dr. Sampath Thattai Ramesh as an Independent Director of the Company has come to an end on May 28, 2020, he has ceased to be a member of the Committee on the same day. The members of the Board have appointed Dr. Sudhakar Rao as member of Nomination and Remuneration Committee effective from June 12, 2020.

Subsequently, as per the Investment Agreement Mr. Siddharth Patel has been nominated as a member of the Committee on July 28, 2020.

(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 as on March 31, 2020 were :

1. Mr. Gangadhara Ganapati, Chairman
2. Dr. B. S. Ajaikumar, Member; and
3. Ms. Bhushani Kumar, Member.

As per the Investment Agreement Mr Amit Soni has been nominated as a member of the Committee on July 28, 2020.

(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 as on March 31, 2020 were:

1. Dr. Sampath Thattai Ramesh; Chairman
2. Dr. Sudhakar Rao, Member;
3. Ms. Bhushani Kumar, Member; and
4. Dr. B. S. AjaiKumar, Member.

Corporate Social Responsibility Committee of the

Board was reconstituted by appointing Dr. Sampath Thattai Ramesh, Independent Director, member of the Committee as Chairman of the Committee in place of Dr. Sudhakar Rao, with effect from the closing of the business hours of 23rd May 2019.

Since the initial term of Dr. Sampath Thattai Ramesh as an Independent Director of the Company has come to an end on May 28, 2020, he has ceased to be a member of the Committee on the same day. In this regard, the Board of Directors has appointed Dr. B.S. Ajaikumar, member of the Committee as the Chairman of the Committee, effective from June 12, 2020.

As per the Investment Agreement Mr. Siddharth Patel has been nominated as a member of the Committee on July 28, 2020.

(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 members of the Committee as on March 31, 2020 were:

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

Mr. Suresh Chandra Senapaty has ceased to be a Member of Strategy Committee effective from May 28, 2020.

As per the Investment Agreement Mr. Siddharth Patel and Mr Amit Soni have been nominated to the Strategy Committee as members of the Committee on July 28, 2020.

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.

21. Board Evaluation:

In terms of the requirement of the Companies Act, 2013 and the SEBI LODR Regulations, an annual performance evaluation of the Board was undertaken. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the SEBI LODR Regulations, and in consonance with Guidance Note on Board Evaluation issued by SEBI in January 2019. The Board evaluation was conducted through questionnaire having qualitative parameters and feedback based on rating.

Evaluation of the Board was based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, review of performance and compensation to Executive Directors, succession planning, strategic planning, etc.

Evaluation of Directors was based on criteria such as participation and contribution in Board and Committee meetings, representation of shareholder interest and enhancing shareholder value, experience and expertise to provide feedback and guidance to top management on business strategy, governance and risk, understanding of the organization's strategy, risk and environment, etc. The process also covered separate evaluation of Chairperson of the Board, Executive Directors, Non- Executive Directors and Independent Directors.

Evaluation of Committees was based on criteria such as adequate independence of each Committee, frequency of meetings and time allocated for discussions at meetings, functioning of Board Committees and effectiveness of its advice/recommendation to the Board, etc.

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 2019-20, given the changing external environment, some areas have been identified for the Board to engage itself with and these will be acted upon.

22. Risk Management:

Pursuant to Regulation 21 of SEBI LODR Regulations, your Company has developed and rolled out a comprehensive Enterprise Risk Management Policy. The policy aims at elimination or reduction of risk exposures through identification and analysis of various types of risks and facilitating timely action for taking risk mitigation measures. The Risk Management and Steering Committee (RMSC) reviews the Company's portfolio of risks and considers it against the Company's risk appetite and recommends changes to the Risk Management technique and / or associated frameworks, processes and practices of the Company. The enterprise risk management process of the Company is progressing satisfactorily, but the entire process is yet to reach a level of maturity. RMSC also advises and guides the Company for making the process more robust and to achieve prudent balance between risk and reward in both ongoing and new business activities. The Audit and Risk Management Committee periodically reviews the risk management process.

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

23. Compliance Management Framework:

For monitoring compliances to applicable laws, your Company has instituted an online compliance management system within the organization to monitor compliances and provide update to the senior management and Board on a periodic basis. The Audit and Risk Management Committee and the Board periodically monitor status of compliances with applicable laws.

24. Corporate Social Responsibility:

Your Company has been taking initiatives under Corporate Social Responsibility (CSR) for society at large, well before it has been prescribed thorough the Companies Act, 2013; and over the years, had been 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.

As per the provisions of Section 135 of the Companies Act, 2013, the Company has well defined policy on CSR which covers the activities as prescribed under Schedule VII of the Companies Act 2013. The CSR Policy is available on the website of the Company at https://hcgel.com/policies-and-guidelines/.

For more information on CSR, please refer to the Annual Report on Corporate Social Responsibility annexed herewith as **Annexure 7**.

25. Internal Audit:

Your Company has continued its engagement with M/s. Ernst & Young LLP, Chartered Accountants, to conduct internal audit across the organization. We have also strengthened the in-house internal audit team to supplement and support the efforts of M/s. Ernst & Young LLP.

26. Internal Financial 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 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. In furtherance to this, your Company has instituted an online compliance management system within the organization to monitor compliances and provide update to senior management and Board on a periodic basis. The Audit and Risk Management Committee and the Board periodically monitor status of compliances with applicable laws.

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 oversees the Internal Audit function.

The scope and authority of the Internal Audit Function is derived from the Audit Committee 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.

27. Vigil Mechanism for Directors and employees:

Section 177(9) and (10) of the Companies Act, 2013, mandates every listed company to establish a Vigil mechanism for its directors and employees which shall function as a channel for receiving and redressing their complaints. 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 have adopted a vigil mechanism which would encourage our directors, employees and all other stakeholders to report any incidence of fraudulent financial or other information to the stakeholders, reporting of instance(s) of leak or suspected leak of unpublished price sensitive information, and any conduct that results in violation of the Company's code of business conduct, to the management (on an anonymous basis, if employees so desire). Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employee who reports under the Vigil Mechanism or participates in the investigation.

Awareness of policies is created by, inter alia, training and sending group mailers highlighting actions taken by the Company against the errant employees. All complaints received through the Vigil mechanism are reviewed and investigated by the Ombudsperson. Dedicated email address has been created to facilitate receipt of complaints directly by the Ombudsperson.

The Audit and Risk Management Committee periodically reviews the functioning of this mechanism. 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 https://hcgel.com/policies-and-guidelines/. The Audit and Risk Management Committee periodically reviews the functioning of this mechanism.

28. Code for Prevention of Insider Trading:

Your Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company's website at https://hcgel.com/policies-and-guidelines/.

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

The Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel (KMP), senior management personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the 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 https://hcgel.com/policies-and-guidelines/. 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, 2020 is provided as **Annexure 4** to this Report.

A statement containing, inter alia, names of top ten employees and employees if employed throughout the financial year and in receipt of remuneration of ₹ 102 Lakhs or more, employees employed for part of the year and in receipt of ₹ 8.50 Lakhs per month or more, 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 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.

The shareholders at the 19th Annual General Meeting of the Company have approved the appointment of M/s. B S R & Co. LLP (Firm Registration No. 101248W/W-100022) as Statutory Auditors for a term of 5 years commencing from the conclusion of the Annual General Meeting of the Company held on August 10, 2017, till the conclusion of the Annual General Meeting to be held in the year 2022.

Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 22nd AGM.

33. Statutory Auditors' Report:

There are no qualifications, reservations or adverse remarks made by M/s B S R & Co. LLP, Statutory Auditors, in their report for the financial year ended March 31, 2020. The Statutory Auditors under the Companies (Auditors' Report) Order, 2016, as provided under Annexure A to the Independent Auditor's Report Clause (vii) (a) have observed that "According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Goods and Services tax, duty of Customs, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. However, undisputed income tax (tax deducted at source) and Provident Fund have not been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. Further as explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise and Value added tax during the year.

In this regard, the Board of Directors places its response as under:

(i) With respect to Provident fund (PF) - The Company was restructuring the salaries of its employees at the beginning of the year. The Company had paid its provident fund as per the prevailing salary structure for the months form April 2019 to June 2019. However, soon after the restructuring got completed, the differential Provident Fund was paid along with interest; and thereafter, there has been no delay in payment of provident fund.

(ii) With respect to Tax deducted at source (TDS), the Company would like to state that, as Yes Bank's operations were completely shut down during first half of March 2020 as per the RBI guidelines, and since the Company's money was lying in the Yes bank account, including collection of receivables, the Company due to this complete shut-down, was unable to access funds lying in the Company's bank accounts maintained with Yes Bank, including transfer of money from Yes Bank to other bank accounts to remit the TDS amount for the month of February 2020. Subsequent to this event, complete lock down across the nation was officially announced by government due to COVID -19; and the government had announced certain relaxations with respect to payment of TDS for the period March to June 2020. The Company has availed the relaxation offered and remitted the amount with reduced rate of interest @ 0.75% per month.

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:

Information regarding potential impact of COVID-19 pandemic on your Company's business operations and financial position are provided as part of the Management Discussion and Analysis Report.

There has been no change in the nature of business of the Company during the last financial year.

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, 2020. The said Report of the Secretarial Audit in Form MR 3 is annexed herewith as **Annexure 2** and forms part of the report.

The Secretarial Auditors, in their report for the financial year ended March 31, 2020 under the Companies (Auditors' Report) Order, 2016 have opined that "During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned in their report except for the following observation: *The Annual Compliance Report for the year ended March 31, 2019, as required under Sl. No. 3(b) (iii) of the SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, effective from the year ended March 31, 2019, under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was uploaded to the stock Exchanges on June 10, 2019, with a marginal delay of 10 days. The Company has informed the National Stock Exchange about submission of the Annual Compliance Report."*

In this regard, the Board of Directors places its response as under:

The Company has filed the Annual Compliance Report for the year ended March 31, 2019, as required under Sl. No. 3(b) (iii) of the SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, effective from the year ended March 31, 2019, under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, on June 10, 2019. This was an inadvertent delay.

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The Company has devised proper systems to ensure compliance with its provisions and is in compliance with the same. Your Company has complied with the applicable Secretarial Standards relating to 'Meetings of the Board of Directors' and 'General Meetings' during the year.

36. Cost Records and Cost Auditor:

The Company maintains cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, your Directors, on the recommendation of the Audit and Risk Management Committee, have appointed M/s. Rao, Murthy & Associates (Firm Registration No. 00065), Costs Accountants as the cost auditors of the Company for FY 2020-21 at a remuneration of ₹ 1,75,000 (₹ One Lakh Seventy-Five Thousand Only) (exclusive of taxes and re-imbursement of actual out-of-pocket expenses, if any, in connection with the cost audit).

The Board of Directors of the Company proposes the ratification of remuneration of M/s. Rao, Murthy & Associates, Cost Accountants as the Cost Auditor of the Company, for FY 2020-21 at the ensuing Annual General Meeting.

Cost Audit Report for the financial year ended March 31, 2019 has been 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:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is detailed in **Annexure 8**.

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. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company's process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization.

During the year 2019-2020, Five (5) complaints were received. All the complaints were resolved and there are no complaints outstanding as on March 31, 2020.

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. 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, 2020 are annexed to this Report as **Annexure 3**.

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 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 and there have been no material changes to the plan during the financial year. Disclosures on various plans, details of options granted, shares allotted upon exercise, etc. as required under the Employee Benefits Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website at https://www.hcgel.com/investors/. No employee was issued stock options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The Nomination and Remuneration Committee of the board evaluates the performance and other criteria of employees and approves the grant of options based on the recommendation of the Management. 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, 2020, the Company has recorded stock compensation expense of ₹ 2,71,86,754 (FY 2019: ₹ 30,559,323).

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

41. Directors' Responsibility Statement:

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 have been followed along with proper explanation relating to material departures, if any;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and loss of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant Board Committees, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

42. Corporate Governance:

The Company is committed to observe good corporate governance practices. The report on Corporate Governance practices followed by your Company, as per regulation 34(3) read with Schedule V of the SEBI LODR Regulation including Certificate from CEO and CFO as per Regulations 17 of SEBI LODR Regulations, is provided in the Annual Report and it forms integral part of this Report.

Further, a certificate from Mr. V Sreedharan, Partner, M/s V Sreedharan & Associates, a firm of Company Secretaries in Practice 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.

43. Declaration on Code of Conduct:

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 34 read with Part D of Schedule V of the SEBI LODR Regulations. A declaration signed by Dr. B. S. Ajaikumar, Chairman & CEO of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2019-20 has been annexed as part of this Report.

44. 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

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

Date: July 28, 2020
Place: Bengaluru

DECLARATION ON CODE OF CONDUCT

To,
The Members of
HealthCare Global Enterprises Limited.

I, Dr. B. S. Ajaikumar, Chairman & CEO of the Company, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2020.

For and on behalf of the Board of Directors

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

Date: July 28, 2020
Place: Bengaluru

ANNEXURE 1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L15200KA1998PLC023489
2.	Registration Date	12th 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, Bengaluru, Karnataka, India – 560027 Telephone: +91-80-4660 7700 Email id: sunumanuel@hcgel.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Kfin Technologies Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, Tel: +91 40 6716 1526 Fax: +91 40 2300 1153, E-mail: einward.ris@kfintech.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	930	91.63

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)
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 (Refer Note 46 to the Consolidated Financial Statements)	U74140KA2002PTC030098	Subsidiary	50.10%	Section 2(87)
6	Apex HCG Oncology Hospitals LLP, HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka (alongwith the shareholding of Niruja Product Development and Healthcare Research Private Limited)	AAB- 5593	Subsidiary	100.00%	Section 2(87)
7	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)
8	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)
9	HCG Oncology LLP, No. 1, Maharashtra Society, Near Mithakhali Six Road, Ellisbridge, Ahmedabad - 380 006, Gujarat	AAC-9917	Subsidiary	74.00%	Section 2(87)
10	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)
11	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)
12	HCG SUN Hospitals LLP, HCG Tower, No. 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka	AAK-6700	Subsidiary	74.00%	Section 2(87)
13	HCG (Mauritius) PVT. LTD., St. Louis Business Centre, CNR Desroches & St Louis Streets, Port Louis, Mauritius	N/A	Subsidiary	100.00%	Section 2(87)
14	Healthcare Global (Africa) Pvt. Ltd., St Louis Business Centre, CNR Desroches & St Louis Streets, Port Louis, Mauritius	N/A	Subsidiary	76.73%	Section 2(87)
15	HealthCare Global (Uganda) Private Limited, Suite 13, 3rd Floor, Plot 2, Bombo Road City Apartments, PO Box 31176, Kampala, Uganda	N/A	Subsidiary	76.73%	Section 2(87)
16	HealthCare Global (Tanzania) Private Limited, Regency Medical Centre, Alykhan Road, Upanga, PO Box 2029, Daar es Salaam, Tanzania	N/A	Subsidiary	76.73%	Section 2(87)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable Section
17	HealthCare Global (Kenya) Private Limited, Jadala Place, Ngong Lane, Near Prestige Plaza, Post Office Box 6493-00200, Nairobi, Kenya	N/A	Subsidiary	76.73%	Section 2(87)
18	Cancer Care Kenya Limited, P. O. Box 39173 – 00623, Nairobi, Kenya	N/A	Subsidiary	59.47%	Section 2(87)
19	Strand Life Sciences Private Limited, 5th Floor, Kirloskar Business Park, Bellary Road, Hebbal, Bengaluru, Karnataka – 560024 (Shareholding on fully diluted basis)	U85199KA2000PTC027913	Associate	38.20%	Section 2(6)
20	Advanced Molecular Imaging Limited, Plot L R No.1870/ IX/184, Fuji Plaza, Crossway, Westlands, P. O. Box 41669 - 00100, Nairobi, Kenya	N/A	Associate	38.37%	Section 2(6)

*Representing aggregate % of the shares held by the Company and/or its subsidiaries

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Code	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)	**Promoter and Promoter Group**									
1	**Indian**									
(a)	Individuals/ Hindu Undivided Family	2,11,94,832	-	2,11,94,832	24.11	2,11,94,832	-	2,11,94,832	23.90	-0.21
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**2,11,94,832**	**-**	**2,11,94,832**	**24.11**	**2,11,94,832**	**-**	**2,11,94,832**	**23.90**	**-0.21**
2	**Foreign**									
(a)	NRIs- Individuals	-	-	-	-	-	-	-	-	-
(b)	Other- Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (A)= (A)(1)+(A)(2)	**2,11,94,832**	**-**	**2,11,94,832**	**24.11**	**2,11,94,832**	**-**	**2,11,94,832**	**23.90**	**-0.21**
(B)	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	1,24,25,093	-	1,24,25,093	14.13	1,55,70,788	-	1,55,70,788	17.56	3.42
(b)	Banks/Financial Institutions	3,868	-	3,868	0.00	-	-	-	-	-
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	2,90,86,569	-	2,90,86,569	33.08	2,22,16,701	-	2,22,16,701	25.05	-8.03
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	13,11,667	-	13,11,667	1.49	24,06,693	-	24,06,693	2.71	1.22
	Alternate Investment Funds	13,11,667	-	13,11,667	1.49	16,96,167	-	16,96,167	1.91	0.42
	Foreign Nationals	0	-	0	0	7,10,526	-	7,10,526	0.80	0.80
	Sub-Total (B)(1)	**4,28,27,197**	**-**	**4,28,27,197**	**48.71**	**4,01,94,182**	**-**	**4,01,94,182**	**45.32**	**-3.39**

Code	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	
2	**Non-institutions**									
(a)	Bodies Corporate									
(i)	Indian	28,95,547	-	28,95,547	3.29	11,37,481	-	11,37,481	1.28	-2.01
(ii)	Overseas	83,20,805	-	83,20,805	9.46	83,20,805	-	83,20,805	9.38	-0.08
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	20,19,301	1,63,301	21,82,602	2.48	25,33,689	1,42,927	26,76,616	3.02	0.54
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	58,36,069	6,36,983	64,73,052	7.36	61,24,013	4,25,951	65,49,964	7.39	0.02
(c)	Others (Specify)									
(i)	Trusts	23,06,917	-	23,06,917	2.62	23,06,917	-	23,06,917	2.60	-0.02
(ii)	Non-Resident Indians	2,89,078	1,96,045	4,85,123	0.55	6,68,017	1,13,030	7,81,047	0.88	0.33
(iii)	NRI Non-Repatriation	11,66,135	-	11,66,135	1.33	32,28,659	-	32,28,659	3.64	2.31
(iv)	Clearing Members	66,823	-	66,823	0.08	53,685	-	53,685	0.06	-0.02
(v)	Qualified Institutional Buyer	-	-	-	-	22,46,441	-	22,46,441	2.53	2.53
	Sub-Total (B)(2)	**2,29,00,675**	**9,96,329**	**2,38,97,004**	**27.18**	**2,66,19,707**	**6,81,908**	**2,73,01,615**	**30.78**	**3.60**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**6,57,27,872**	**9,96,329**	**6,67,24,201**	**75.89**	**6,68,13,889**	**6,81,908**	**6,74,95,797**	**76.10**	**0.21**
(C)	**Shares held by Custodians for GDR and ADRs**	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	**8,69,22,704**	**9,96,329**	**8,79,19,033**	**100.00**	**8,80,08,721**	**6,81,908**	**8,86,90,629**	**100.00**	**0.00**

(ii) Shareholding of Promoter and Promoter Group

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	1,76,73,346	20.10	-	1,76,80,921	19.94	-	-0.17
2	Dr. Ganesh Nayak	2,80,307	0.32	-	2,72,732	0.31	-	-0.01
3	Dr. B.S. Ramesh	2,62,356	0.30	-	2,62,356	0.30	-	0.00
4	Dr. K.S. Gopinath	4,05,059	0.46	-	4,05,059	0.46	-	0.00
5	Dr. M. Gopichand	18,01,260	2.05	-	18,01,260	2.03	-	-0.02
6	Bhagya A. Ajaikumar	1,795	0.00	-	1,795	0.00	-	0.00
7	Aagnika Ajaikumar	3,27,258	0.37	-	3,27,258	0.37	-	0.00
8	Asmitha Ajaikumar	3,27,259	0.37	-	3,27,259	0.37	-	0.00
9	Prakash Nayak	57,937	0.07	-	57,937	0.07	-	0.00
10	Pradeep Nayak	30,000	0.03	-	30,000	0.03	-	0.00
11	Dr. Venkatesh Sudha	22,582	0.03	-	22,582	0.03	-	0.00
12	Adarsh Ramesh	2,486	0.00	-	2,486	0.00	-	0.00
13	Dr. Srinivas K. Gopinath	2,187	0.00	-	2,187	0.00	-	0.00
14	Anjali Ajaikumar Rossi	1,000	0.00		1,000	0.00		0.00
	Total	**2,11,94,832**	**24.11**	**-**	**2,11,94,832**	**23.90**	**-**	**-0.21**

* In the above table, the shareholding of Promoter Group to the extent of 772,504 shares (772,504 shares during the previous 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	1,76,73,346	20.10		
		Acquired during the year through off-market purchase from Dr Ganesh Nayak			7,575	0.01
		At the end of the year			1,76,80,921	19.94
2	Dr. Ganesh Nayak	At the beginning of the year	2,80,307	0.32		
		Sold during the year -through off-market sale to Dr B. S. Ajaikumar			7,575	0.01
		At the end of the year			2,72,732	0.31
3	Dr. B.S. Ramesh	At the beginning of the year	2,62,356	0.30		
		At the end of the year (no change)			2,62,356	0.30
4	Dr. K. S. Gopinath	At the beginning of the year	4,05,059	0.46		
		At the end of the year (no change)			4,05,059	0.46
5	Dr. M. Gopichand	At the beginning of the year	18,01,260	2.05		
		At the end of the year (no change)			18,01,260	2.03

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	V-Sciences Investments Pte Ltd				
	At the beginning of the year	83,20,805	9.46		
	No change during the year	-	-	-	-
	At the end of the year			83,20,805	9.38
2	Sundaram Mutual Fund A/C Sundaram Small Cap Fund				
	At the beginning of the year	66,56,557	7.57		
	Sale on 05.04.2019	2,244		66,54,313	7.57
	Sale on 12.04.2019	1,364		66,52,949	7.57
	Purchase on 06.09.2019	10,53,053		77,06,002	8.69
	Sale on 06.09.2019	931		77,05,071	8.69
	Sale on 29.11.2019	5,882		76,99,189	8.69
	Sale on 13.12.2019	3,565		76,95,624	8.68
	Purchase on 10.01.2020	22,692		77,18,316	8.70
	Sale on 10.01.2020	21,153		76,97,163	8.68
	Sale on 06.03.2020	2,626		76,94,537	8.68
	At the end of the year			76,94,537	8.68
3	Buena Vista Asian Opportunities Master Fund Ltd	52,51,168	5.97		
	Sale on 22.11.2019	2,77,543		49,73,625	5.61
	Sale on 29.11.2019	78,684		48,94,941	5.52
	Sale on 06.12.2019	5,23,433		43,71,508	4.93
	Sale on 13.12.2019	17,339		43,54,169	4.91
	Sale on 20.12.2019	7,92,896		35,61,273	4.02
	Sale on 14.02.2020	3,53,314		32,07,959	3.62
	Sale on 21.02.2020	3,15,471		28,92,488	3.26
	Sale on 28.02.2020	4,336		28,88,152	3.26

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
	Sale on 06.03.2020	11,915		28,76,237	3.24
	At the end of the year			28,76,237	3.24
4	International Finance Corporation				
	At the beginning of the year	43,58,705	4.96		
	No change during the year	-	-	-	-
	At the end of the year			43,58,705	4.91
5	FIRST STATE INDIAN SUBCONTINENT FUND				
	At the beginning of the year	31,26,983	3.56		
	Sale on 12.04.2019	1,82,943		29,44,040	3.35
	Sale on 14.06.2019	42,435		29,01,605	3.30
	Sale on 28.06.2019	13,907		28,87,698	3.28
	Sale on 06.09.2019	3,66,324		25,21,374	2.84
	Sale on 13.09.2019	5,875		25,15,499	2.84
	Sale on 27.09.2019	32,924		24,82,575	2.8
	Sale on 25.10.2019	1,337		24,81,238	2.8
	Sale on 01.11.2019	5,008		24,76,230	2.79
	Sale on 08.11.2019	44,894		24,31,336	2.74
	Sale on 15.11.2019	6,352		24,24,984	2.74
	Sale on 22.11.2019	74,066		23,50,918	2.65
	Sale on 29.11.2019	2,181		23,48,737	2.65
	Sale on 06.12.2019	3,13,698		20,35,039	2.3
	Sale on 13.12.2019	2,25,500		18,09,539	2.04
	Sale on 14.02.2020	3,33,535		14,76,004	1.66
	At the end of the year			14,76,004	1.66
6	NN (L) GLOBAL EQUITY IMPACT OPPORTUNITIES				
	At the beginning of the year	30,00,000	3.41		
	Purchase on 06.12.2019	6,89,600		36,89,600	4.16
	Purchase on 13.12.2019	3,23,300		40,12,900	4.53
	Purchase on 24.01.2020	16,650		40,29,550	4.54
	Purchase on 31.01.2020	6,173		40,35,723	4.55
	Purchase on 07.02.2020	11,400		40,47,123	4.56
	Purchase on 14.02.2020	1,65,777		42,12,900	4.75
	Sale on 06.03.2020	2,00,000		40,12,900	4.53
	Sale on 27.03.2020	45,191		39,67,709	4.47
	Sale on 31.03.2020	32,950		39,34,759	4.44
	At the end of the year			39,34,759	4.44
7	Franklin India Smaller Companies Fund	29,79,897	3.39		
	Purchase on 13.12.2019	29,79,897		59,59,794	6.72
	Sale on 13.12.2019	29,79,897		29,79,897	3.36
	At the end of the year			29,79,897	3.36
8	HDFC Life Insurance Company Limited	25,22,253	2.87		
	Purchase on 05.04.2019	1,39,459		26,61,712	3.03
	Sale on 19.04.2019	1,695		26,60,017	3.03
	Sale on 26.04.2019	1,207		26,58,810	3.02
	Purchase on 03.05.2019	908		26,59,718	3.03
	Purchase on 24.05.2019	3,035		26,62,753	3.03

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 31.05.2019	12,246		26,74,999	3.04
	Purchase on 07.06.2019	46,481		27,21,480	3.10
	Purchase on 26.07.2019	20,000		27,41,480	3.12
	Sale on 09.08.2019	1,03,318		26,38,162	2.98
	Sale on 16.08.2019	9,837		26,28,325	2.97
	Sale on 20.09.2019	23,473		26,04,852	2.94
	Sale on 27.09.2019	3,603		26,01,249	2.93
	Purchase on 11.10.2019	44		26,01,293	2.93
	Sale on 08.11.2019	31,073		25,70,220	2.90
	Sale on 15.11.2019	14,725		25,55,495	2.88
	Sale on 22.11.2019	16,441		25,39,054	2.86
	Purchase on 06.12.2019	8,769		25,47,823	2.87
	Sale on 20.12.2019	29,722		25,18,101	2.84
	Sale on 27.12.2019	69,153		24,48,948	2.76
	Sale on 31.12.2019	322		24,48,626	2.76
	Sale on 10.01.2020	1,70,142		22,78,484	2.57
	Sale on 24.01.2020	10,671		22,67,813	2.56
	Sale on 31.01.2020	3,336		22,64,477	2.55
	Sale on 07.02.2020	224		22,64,253	2.55
	Sale on 21.02.2020	543		22,63,710	2.55
	Sale on 20.03.2020	14,740		22,48,970	2.54
	Sale on 27.03.2020	2,529		22,46,441	2.53
	At the end of the year			22,46,441	2.53
9	The Scottish Oriental Smaller Companies Trust PLC	24,68,892	2.81		
	Sale on 12.04.2019	1,49,167		23,19,725	2.64
	Sale on 14.06.2019	33,436		22,86,289	2.60
	Sale on 28.06.2019	10,958		22,75,331	2.59
	Sale on 06.09.2019	2,88,640		19,86,691	2.24
	Sale on 13.09.2019	4,630		19,82,061	2.24
	Sale on 27.09.2019	25,943		19,56,118	2.21
	Sale on 25.10.2019	1,053		19,55,065	2.21
	Sale on 01.11.2019	3,946		19,51,119	2.20
	Sale on 08.11.2019	35,373		19,15,746	2.16
	Sale on 15.11.2019	5,004		19,10,742	2.16
	Sale on 22.11.2019	58,358		18,52,384	2.09
	Sale on 29.11.2019	1,719		18,50,665	2.09
	Sale on 06.12.2019	2,47,175		16,03,490	1.81
	Sale on 13.12.2019	1,77,680		14,25,810	1.61
	Sale on 14.02.2020	2,86,984		11,38,826	1.28
	Sale on 06.03.2020	2,831		11,35,995	1.28
	Sale on 13.03.2020	690		11,35,305	1.28
	At the end of the year			11,35,305	1.28
10	NN PARAPLUFONDS 1 N.V	21,00,000	2.39		
	Purchase on 14.06.2019	1,00,000		22,00,000	2.50
	At the end of the year			22,00,000	2.50
11	WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION MUL				
	At the beginning of the year	20,58,883	2.34		

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
	No change during the year	-	-	-	-
	At the end of the year			20,58,883	2.32
12	TATA INDIA PHARMA & HEALTHCARE FUND				
	At the beginning of the year	5,10,000	0.58		
	Purchase on 05.04.2019	62,312		5,72,312	0.65
	Purchase on 12.04.2019	1,20,000		6,92,312	0.79
	Purchase on 17.05.2019	3,000		6,95,312	0.79
	Purchase on 24.05.2019	5,000		7,00,312	0.80
	Purchase on 28.06.2019	39,688		7,40,000	0.84
	Purchase on 02.08.2019	2,00,000		9,40,000	1.07
	Purchase on 13.09.2019	1,70,000		11,10,000	1.25
	Purchase on 18.10.2019	1,02,000		12,12,000	1.37
	Purchase on 20.12.2019	8,00,000		20,12,000	2.27
	At the end of the year			20,12,000	2.27

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	1,76,73,346	20.10		
		Acquired during the year through off-market purchase from Dr Ganesh Nayak	7,575	0.01		
		At the end of the year			1,76,80,921	19.94
2	Gangadhara Ganapati - Director	At the beginning of the year	17,16,170	1.94		
		At the end of the year			17,16,170	1.93
3	Dr. B S. Ramesh – Director	At the beginning of the year	2,62,356	0.30		
		At the end of the year			2,62,356	0.30
4	S. T. Ramesh – Director	At the beginning of the year	455	0.00		
		At the end of the year			455	0.00
5	Srinivasa V. Raghavan - KMP	At the beginning of the year	0.00	0.00		
		Acquired during the year through ESOP grants	2,500	0.00		
		At the end of the year			2,500	0.00
6	Sunu Manuel - KMP	At the beginning of the year	27,550	0.03		
		At the end of the year			27,550	0.03

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Amount in ₹

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,84,91,98,677	1,37,16,96,999	-	4,22,08,95,676
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6,32,92,065	7,28,11,227	-	13,61,03,292
Total (i+ii+iii)	**2,91,24,90,742**	**1,44,45,08,226**	**-**	**4,35,69,98,968**
Change in Indebtedness during the financial year				
Addition	1,21,83,28,744	64,65,05,786	-	1,86,48,34,530
* Reduction	26,08,51,119	1,05,35,11,200	-	1,31,43,62,319
Net Change	**95,74,77,625**	**-40,70,05,414**		**55,04,72,211**
Indebtedness at the end of the financial year				
i) Principal Amount	3,80,81,44,593	1,02,51,39,216	-	4,83,32,83,809
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,09,11,887	1,23,60,667	-	4,32,72,554
Total (i+ii+iii)	**3,83,90,56,480**	**1,03,74,99,883**		**4,87,65,56,363**

* Finance lease amounting to ₹ 555.17 has been reclassified to lease liabilties on transition to Ind AS 116 and disclosed in reduction

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 (₹ in million)
		Dr. B. S. Ajaikumar	Dr. B. S. Ramesh	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.83	8.03	28.86
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	- others, specify...			
5	Others, please specify	Nil	Nil	Nil
	Total (A)	**20.83**	**8.03**	**28.86**
	Ceiling as per the Act			24.77

* Remuneration of Dr. B. S. Ajaikumar is including variable pay. He has waived off his fixed compensation for two months during the year.

^ The Company has secured necessary approvals for payment of 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 (₹ in Million)
	Independent Directors	**Dr. Sudhakar Rao**	**Shanker Annaswamy**	**Suresh C. Senapaty**	**Dr. Sampath T. Ramesh**	**Bhushani Kumar**	
	Fee for attending board/ committee meeting *	0.70	0.95	0.73	0.70	0.65	
	Commission	Nil	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	Nil	
	Total (1)	**0.70**	**0.95**	**0.73**	**0.70**	**0.65**	**3.73**
	Other Non-Executive Directors	Gangadhara Ganapathi	Dr. Amit Varma				
	Fee for attending board/ committee meetings	Nil	Nil				
	Commission	Nil	Nil				
	Others	Nil	Nil				
	Total (2)	**Nil**	**Nil**				**Nil**
	Total (B)=(1+2)	**Nil**	**Nil**				**3.73**
	Total Managerial Remuneration						**32.59**
	Overall Ceiling as per the Act						24.77

* Excluding tax (GST)

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		#CEO	CS^	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	3.61	10.01	13.62
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 ^	-	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	Nil	Nil	Nil
2	Stock Option	-	0.67	1.57	2.24
3	Sweat Equity	-	Nil	Nil	Nil
4	Commission	-	Nil	Nil	Nil
	- as % of profit	-	Nil	Nil	Nil
	- others, specify...	-	Nil	Nil	Nil
5	Others, please specify	-	Nil	Nil	Nil
	Total	**-**	**4.28**	**11.58**	**15.86**

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

Note: The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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	NIL				
Punishment	NIL				
Compounding	148	Delay in submission of Cost Audit Report for FY 2017-18	50,000	Regional Director (RD), Hyderabad	Not applicalbe
B. DIRECTORS					
Penalty	NIL				
Punishment	NIL				
Compounding	148	Delay in submission of Cost Audit Report for FY 2017-18	40,000	Regional Director (RD), Hyderabad	Not applicalbe
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment	NIL				
Compounding	148	Delay in submission of Cost Audit Report for FY 2017-18	30,000	Regional Director (RD), Hyderabad	Not applicalbe

For **HealthCare Global Enterprises Limited**

Dr. B. S. Ajaikumar
Chairman & CEO
DIN: 00713779

Date : July 28, 2020
Place: Bengaluru

ANNEXURE 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended: March 31, 2020

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HEALTHCARE GLOBAL ENTERPRISES LIMITED
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 my 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, 2020 (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 Byelaws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was not External Commercial Borrowings during the period under review;

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 (ICDR) Regulations, 2018;

   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; and (Not Applicable to the Company during the Audit Period);

   h. The SEBI (Buyback of Securities) Regulations, 2018 (Not Applicable to the Company during the Audit Period);

   i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015]

vi) Other Laws Applicable Specifically to the Company namely:

   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, 2016 ("BMW Rules")

w. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")

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

y. e-waste (Management and Handling) Rules, 2016 ("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 following:

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the following observation:

The Annual Compliance Report for the year ended March 31, 2019, as required under Sl. No. 3(b) (iii) of the SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, effective from the year ended March 31, 2019, under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was uploaded to the stock Exchanges on June 10, 2019, with a marginal delay of 10 days. The Company has informed the National Stock Exchange about submission of the Annual Compliance Report."

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

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 change in the composition of the Board of Directors that took place during the period under review was 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 except with respect to those agenda items which the Company deemed to be unpublished price sensitive information (UPSI), 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 review of the compliance mechanism adopted by the Company of providing adequate presentations by the concerned departments' heads at the Board Meetings, regarding compliance with the applicable laws and its adherence, 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.

We further report that during the audit period, 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**
Company Secretaries

(**V Sreedharan**)
Partner
FCS: 2347; CP No. 833
UDIN: F002347B000506906

Place: Bengaluru
Date: July 27, 2020

ANNEXURE 3

a) Employee Share Option Plan of the Company

(i) ESOP 2010

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 Nomination and 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. 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.

(ii) ESOP 2014

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 Nomination and 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 ESOP 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.

Employee stock options will be settled by delivery of shares.

b) (i) The details of fair market value and the exercise price is as given below:

Particulars	ESOP 2010	ESOP 2010	ESOP 2014	ESOP 2014
Date of grant	16-Jun-10	24-Jun-14	10-Nov-16	10-Nov-16
Fair market value of option at grant date (₹)	23.10	73.34	232.48	156.93
Fair market value of share at grant date (₹)	29.18	78.95	240.15	240.15
Exercise price (₹)	10.00	10.00	10.00	110.68
No. of options	12,94,800	1,10,100	1,65,400	30,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	01-Apr-17	01-Apr-17	11-Aug-17	06-Nov-17
Fair market value of option at grant date (₹)	221.80	120.08	261.61	269.27
Fair market value of share at grant date (₹)	229.45	229.45	269.35	276.95
Exercise price (₹)	10.00	150.00	10.00	10.00
No. of options	25,000	35,000	1,01,000	53,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	22-May-18	09-Nov-18	07-Feb-19
Fair market value of option at grant date (₹)	298.55	220.74	181.62
Fair market value of share at grant date (₹)	306.81	231.85	187.00
Exercise price (₹)	10.00	10.00	10.00
No. of options	55,000	25,000	47,000

Particulars	ESOP 2014	ESOP 2014
Date of grant	8-Aug-19	8-Aug-19
Fair market value of option at grant date (₹)	94.94	48.45
Fair market value of share at grant date (₹)	102.35	102.35
Exercise price (₹)	10.00	110.68
No. of options	1,41,800	30,000

(ii) **The assumptions used in this model for calculating fair value of the ESOP granted during the current year and previous year are as below:**

Assumptions	Grant Date: 22 May 2018 (ESOP 2014)			
	Vest 1 22 May 2019	Vest 2 22 May 2020	Vest 3 22 May 2021	Vest 4 22 May 2022
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.30%	7.61%	7.80%	7.91%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	25.05%	26.08%	28.40%	29.08%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 9 November 2018 (ESOP 2014)			
	Vest 1 9 November 2019	Vest 2 9 November 2020	Vest 3 9 November 2021	Vest 4 9 November 2022
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.52%	27.82%	29.24%	28.92%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 07 February 2019 (ESOP 2014)			
	Vest 1 07 Feb 2020	Vest 2 07 Feb 2021	Vest 3 07 Feb 2022	Vest 4 07 Feb 2023
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	6.89%	7.04%	7.16%	7.26%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.97%	27.83%	29.07%	29.26%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	5.50	6.00	6.50	7.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

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

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	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	7,827	10.00	10,127	10.00
- ESOP 2014	5,20,910	25.20	4,71,670	20.17
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	1,71,800	27.58	1,27,000	10.00
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	1,950	10.00	2,300	10.00
- ESOP 2014	59,120	10.00	77,760	10.00
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	6,33,590	27.26	5,20,910	25.20
Options exercisable at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	1,19,530	36.17	64,530	31.64

* Options available for grant under ESOP 2014 Scheme are 2,162,506 (31 March 2019: 2,334,306).

** The above figure include options granted to employees of the subsidiaries.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 is ₹ 118.80 (previous year ₹ 228.49).

The options outstanding at the end of the reporting period has exercise price in the range of ₹ 10 to ₹.150 (Previous year ₹ 10 to ₹ 150) and weighted average remaining contractual life of 7.7 years (31 March 2019: 8.1 years).

d) For details of expense recognised in statement of profit and loss please refer note 26 and for details of movement in share options outstanding account refer note 16.2 of Financial statements.

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

Year ended 31-Mar-20*	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17	Year ended 31-Mar-16
(6.02)	0.82	2.89	2.38	(0.39)

*Anti-dilutive

f) Variation in terms of options:

Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17	Year ended 31-Mar-16
None	None	None	None	None

(g)

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.

(h)

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 2020:** The total accounting charge taken on account of ESOP 2010 and 2014 is ₹ 2,71,86,754 **For Financial Year 2019:** The total accounting charge taken on account of ESOP 2010 and 2014 is ₹ 3,05,59,323. **For Financial Year 2018:** The total accounting charge taken on account of ESOP 2010 and 2014 is ₹ 2,70,93,288.

(i)

Money realized by exercise of options (₹), if scheme is implemented directly by the Company	**2019-20:** ₹ 6,10,700 **2018-19:** ₹ 8,00,600 **2017-18:** ₹ 2,48,200

(j)

Loan repaid by the Trust during the year from exercise price received	Not Applicable

(k) 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	Regional Director – Gujarat	30,000

b) Other than Senior Management Personnel: 1,41,800 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

Information pursuant to Section 197 (12) of the Companies Act, 2013, read with sub rules (1), (2) and (3) of Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 in respect of employees of the Company is detailed as under:

(a) Comparison and ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20

Name of the Executive Director	Designation	Remuneration for FY 2018-19 (₹ in Mn.)	Remuneration for FY 2019-20 (₹ in Mn.)	% increase in Remuneration	Median Remuneration of employees (₹ in Mn.)	Ratio Remuneration of employees \
Dr. B. S. Ajaikumar	Chairman & CEO	28.07	20.83	00.00%	0.22	95.00:1
Dr. B. S. Ramesh	Executive Director	7.28	8.03	7%	0.22	36.63:1
Dr. Sudhakar Rao	Independent Director	0.725	0.70	Nil	NA	NA
Shanker Annaswamy	Independent Director	0.975	0.95	Nil	NA	NA
Suresh C. Senapaty	Independent Director	1.025	0.725	Nil	NA	NA
Dr. Sampath T. Ramesh	Independent Director	0.775	0.70	Nil	NA	NA
Bhushani Kumar	Independent Director	0.30	0.65	Nil	NA	NA

Notes:

(i) Remuneration of Dr. B. S. Ajaikumar is including variable pay

(ii) Sitting fee paid to independent Directors is excluding tax (GST)

(iii) There has been no increase in sitting fees paid to independent Directors for attending the Board and Committee meetings. However, the changes in sitting fees paid during FY 2019-20 and FY 2018-19 are on account of number of meetings held and attended by them.

(iv) No remuneration/fees has been paid to Mr. Gangadhara Ganapati and Dr. Amit Varma, Non-Executive and Non-Independent Directors

(b) The percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2019-20

Name of Director/ KMP	Designation	Remuneration for FY 2018-19 (₹ in Mn.)	Remuneration for FY 2019-20 (₹ in Mn.)	% increase in Remuneration
Mr. Srinivasa V. Raghavan	Chief Financial Officer	6.44*	10.85	49.52
Ms. Sunu Manuel	Company Secretary	3.68	3.49	Nil

Note:

(i) * The remuneration details of Mr. Srinivasa V. Raghavan for FY 2018-19, covers remuneration from July 27, 2018 (date of appointment) till March 31, 2020; whereas, for FY 2019-20, the data provided is for the full year.

ii) There has been no increase in the remuneration of the KMPs for FY 2019-2020.

(c) The percentage increase in the median remuneration of employees during the financial year 2019-20 is 6.99%;

(d) The number of permanent employees on the rolls of Company as of March 31, 2020: 3497 employees

(e) Average percentile increase already made in the salaries of employees of the Company 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 2019-20
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	8.26%
(B) Percentile increase in the managerial remuneration	00.00%
Comparison of (A) and (B)	NA
Justification	NA
Any exceptional circumstances for increase in the managerial remuneration	None

(f) 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.

(g) Statement pursuant to Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

SL No	Name of the Employee	Designation	Qualification	Previous employment	Date of joining	Age (in Years)	Experience (in Years)	Remuneration	No and % of Equity Shares held in the Company	Relationship with Directors
1	Dr. B. S. Ajaikumar	Chairman & Chief Executive Officer	MBBS,MD	Not Applicable	14/07/2006	69	41	2,08,32,047	1,76,80,921 19.94%	None
2	Srinivasa Raghavan V	Chief Financial Officer	B.Com., Chartered Accountancy, Cost Accountancy	CSC Technologies India Private Limited	27/07/2018	55	31	1,08,58,603	2,500 0.0028%	None
3	Dinesh Madhavan	Director-HealthCare Services	B. Com, MBA, LLB	Wockhardt Hospitals Limited	14/09/2009	48	26	1,23,63,866	79914 0.0901%	None
4	Anant Kittur	Director-Projects	CA	Wipro GE Healthcare	16/05/2015	47	23	1,31,53,890	81,700 0.0921%	None
5	Ramesh S Bilimagga	Executive Director	MBBS, DRM, MD, DMRD, PGDMLE, FICS	M S Ramaiah Medical College	22/05/2018	69	35	80,31,498	2,62,356 0.2958%	None
6	Dr. Rani Akhil Bhat	Consultant-Gynaecological Oncology	MBBS, MS (OBG), MRCOG, Fellowship (Gynaecological Oncology)	BGS Global Hospitals	01/08/2017	46	24	70,40,287	5000 0.0056%	None
7	V Jayachandran	Consultant-Project Management	BA, Dip. Civil Engineering	Facilities and Building Solutions	20/06/2007	42	19	60,15,040	14,500 0.0163%	None
8	Madhavi Kanumoory	Chief Information Officer	BE	GE Healthcare	20/08/2018	49	24	65,95,931	Nil	None
9	Pallavi Bhadkamkar	Vice President-Human Resources	MA Psychology	Freelancer	03/08/2018	49	26	57,43,651	Nil	None
10	Bharat Gadhavi	Regional Director	MS- General Surgery	Sterling Hospital	15/01/2008	56	27	59,96,912	44,535 0.0502%	None

Note:

(i) Remuneration of Dr. B. S. Ajaikumar is including variable pay.

(ii) Dr. B. S. Ajaikumar was appointed as Director on March 07, 2000 and was appointed as Whole-time Director designated as CEO with effect from July 14, 2006.

(iii) Mr. Dinesh Madhavan has resigned as Director-HealthCare Services, effective from August 24, 2019. Hence the remuneration details of Mr Dinesh Madhavan pertains to the period from April 01, 2019 to August 24, 2019.

(iv) Ms. Pallavi Bhadkamkar has resigned as Vice President-Human Resources, effective from March 06, 2020. Hence the remuneration details of Ms. Pallavi Bhadkamkar pertains to the period from April 01, 2019 to March 06, 2020.

(v) Mr. V Jayachandran has resigned as Consultant-Project Management, effective from January 31, 2020. Hence the remuneration details of Mr. V Jayachandran pertains to the period from April 01, 2019 to January 31, 2020.

(vi) Perquisite values accrued on the exercise of ESOP vested and exercised are not included in the remuneration for FY 2019-20 in the above disclosure.

For **HealthCare Global Enterprises Limited**

Date: 28 July 2020
Place: Bengaluru

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

ANNEXURE 5

FORM AOC 1

Statement pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

Part A - Subsidiaries

(₹ in Million)

Name of the subsidiary	Financial year 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	31-03-2020	₹	100.00%	0.94	358.52	776.96	417.50	-	701.25	-22.74	-3.51	-19.23
HCG Medi-Surge Hospitals Private Limited	31-03-2020	₹	74.00%	55.69	213.89	1171.05	901.47	-	1,136.05	57.79	19.75	38.04
Malnad Hospital & Institute of Oncology Private Limited	31-03-2020	₹	70.25%	9.50	20.28	69.88	40.10	-	76.05	15.39	3.94	11.44
Niruja Product Development and Healthcare Research Private Limited	31-03-2020	₹	100%	0.50	-74.26	224.63	298.39	224.15	-	-27.49	-	-27.49
HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	31-03-2020	₹	100%	9.30	-38.87	1.04	30.61	-	-	-0.12	-	-0.12
HealthCare Diwan Chand Imaging LLP	31-03-2020	₹	75.00%	32.72	-4.21	36.04	7.53	-	9.60	3.96	-	3.96
HCG Oncology LLP	31-03-2020	₹	74.00%	113.43	-156.17	805.57	848.32	-	478.73	-46.35	-	-46.35
HCG (Mauritius) Pvt Ltd	31-03-2020	₹	100.00%	248.43	41.37	291.60	1.80	282.76	-	-0.65	-	-0.65
	31-03-2020	USD	100.00%	3.30	0.55	3.87	0.02	3.75	-	-0.01	-	-0.01
APEX HCG Oncology Hospitals LLP	31-03-2020	₹	100.00%	901.61	-745.65	1,669.58	1,513.63	-	355.80	-250.48	97.65	-348.13
HCG NCHRI Oncology LLP	31-03-2020	₹	76.00%	408.24	-337.19	507.50	436.46	-	125.28	-159.36	49.34	-208.70
HCG Manavata Oncology LLP	31-03-2020	₹	51.00%	554.32	59.17	2,144.10	1,530.61	-	838.41	-78.44	16.56	-95.00
HCG EKO Oncology LLP	31-03-2020	₹	50.50%	373.94	-122.43	771.58	520.07	-	110.90	-134.99	0.60	-135.59
HCG SUN Hospitals LLP	31-03-2020	₹	74.00%	230.85	-138.00	587.47	494.61	-	242.20	-84.94	-	-84.94
As on 31.03.2020: 1 US$ = ₹ 75.3250												

Revenue number is only considered revenue from operations

Part B - Associates and Joint venture

(₹ in Million)

S.No.	Name of associate/joint venture	Last audited balance sheet date	Date on which the associate or joint venture was associated or acquired	No of shares held by the Company in Associate/Joint venture on year end	Amount of investment in Associate/ Joint venture	Extent of holding (%)	Description of how there is significant influence	Reason why associate/ joint venture is not consolidated	Net worth attributable to shareholding as per latest audited balance sheet	Profit or (loss) for the year	
										Considered in consolidation	Not considered in consolidation
1	Strand Life Sciences Private Limited	31 March 2019	07 February 2018	9,183,013 equity shares and 101,193 Series 1 preference shares	245.33	38.20%	More than 20% shareholding	Joint control	139.32	(91.12)	(148.66)
2	HealthCare Global (Africa) Private Limited *	31-Mar-20	1-Jul-17	160,659 ordinary shares and 115,820 preferrred A shares	291.47	76.73%	More than 20% shareholding	No control	344.05	(1.66)	(0.50)
3	HealthCare Global (Uganda) Private Limited #	31-Mar-20	1-Jul-17	72,500 ordinary shares	3.27	76.73%	More than 20% shareholding	No control	0.24	(1.16)	(0.35)
4	HealthCare Global (Kenya) Private Limited #	31-Mar-20	1-Jul-17	553,554 ordinary shares	429.50	76.73%	More than 20% shareholding	No control	-52.32	(2.99)	(0.91)
5	HealthCare Global (Tanzania) Private Limited #	31-Mar-20	1-Jul-17	18,000 ordinary shares	-	76.73%	More than 20% shareholding	No control	-0.59	(0.48)	(0.15)
6	Cancer Care Kenya Limited @	31-Mar-20	1-Jul-17	4,768,547 ordinary shares	342.34	59.47%	More than 20% shareholding	No control	124.98	(9.17)	(6.25)
7	Advanced Molecular Imaging Limited $	31-Dec-19	7-Jun-19	5,000 ordinary shares	56.27	50.00%	More than 20% shareholding	No control	-10.27	(3.59)	(3.40)

* HealthCare Global (Africa) Private Limited became an Associate of HCG (Mauritius) Private Limited with effect from 01 July 2017.

HealthCare Global (Uganda) Private Limited, HealthCare Global (Kenya) Private Limited and HealthCare Global (Tanzania) Private Limited are wholly owned subsidiaries of HealthCare Global (Africa) Private Limited and accordingly all these companies would become an Associate of the ultimate parent company.

@ Cancer Care Kenya Limited is a subsidiary of HealthCare Global (Kenya) Private Limited and was acquired on 01 July 2017.

$ Advanced Molecular Imaging Limited is a subsidiary of HealthCare Global (Kenya) Private Limited and was acquired on 7 Jun 2019

for and on behalf of the Board of Directors of
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : 28 July 2020

Place : Bengaluru
Date : 28 July 2020

ANNEXURE 6

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 million) if any	Date of approval by the Board, if any	Amount paid as advances, if any
Malnad Hospital and Institute of Oncology Private Limited	Subsidiary Company/ Common Director	Sale of goods	Ongoing arrangements	1.59	Not applicable	NIL
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director			8.54		
Sada Sarada Tumor & Research Institute	Company with Common Director			6.92		
HCG Oncology LLP	LLP/Subsidiary			0.87		
HCG NCHRI Oncology LLP	LLP/Subsidiary			4.92		
Apex HCG Oncology Hospitals LLP	LLP/Subsidiary			3.72		
HCG EKO Oncology LLP	LLP/Subsidiary			1.91		
HCG SUN Hospitals LLP	LLP/Subsidiary			0.87		
JSS Bharath Charitable Trust	Trust/Director of the Company is a trustee	Providing of services	Ongoing arrangements	7.82		
HCG Foundation	Trust/Director of the Company is a trustee			4.50		
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director			12.16		
BACC Healthcare Private Limited	Subsidiary Company/ Common Director			0.22		
Sada Sarada Tumor & Research Institute	Company with common Director			3.60		
Sada Sarada Tumor & Research Institute	Company with common Director	Rent expenses	Ongoing arrangements	0.06		
BACC Healthcare Private Limited	Subsidiary Company/ Common Director			1.80		
Strand Life Sciences Private Limited	Company with common Director/Associate	Lab charges	Ongoing arrangements	193.78		
HealthCare DiwanChand Imaging LLP	LLP/Director is a partner	Revenue Share expenses	Ongoing arrangements	9.60		
Wipro GE Healthcare Private Limited	Company with common Director	Annual Maintenance Charge	Ongoing arrangements	18.20		
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director	Corporate Guarantee Commission Income	Ongoing arrangements	3.73		
HCG Oncology LLP	LLP/Subsidiary			2.48		
HCG NCHRI Oncology LLP	LLP/Subsidiary			1.74		
HCG Manavata Oncology LLP	LLP/Subsidiary			1.42		
BACC Healthcare Private Limited	Subsidiary Company/ Common Director			0.07		
Apex HCG Oncology Hospitals LLP	LLP/Subsidiary			2.94		
HCG EKO Oncology LLP	LLP/Subsidiary			2.23		
HCG SUN Hospitals LLP	LLP/Subsidiary			8.41		

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 million) if any	Date of approval by the Board, if any	Amount paid as advances, if any
Dr. B.S. Ajaikumar	Director		4 years as Chairman & CEO, effective from July 01, 2019	20.83		
Ms. Anjali Ajaikumar	Relative of a Director		None. Employment Contract	5.32		
Dr. B.S.Ramesh	Director	Remuneration	2 years as Executive Director effective from May 22, 2018	8.03	Not applicable	NIL
Srinivasa Raghavan	CFO-KMP		Employment Contract	10.01		
Sunu Manuel	CS-KMP		Employment Contract	3.61		

* All the transactions are in the ordinary course of business and at arm's length basis. These are as per agreed terms with the parties and in line with the Related Party policy of the Company and approvals received from the Audit and Risk Management Committee.

* The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

* The CEO of the company have waived off his fixed compensation for two months during the year.

By order of the Board of Directors
For **HealthCare Global Enterprises Limited**

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

Bhushani Kumar
Director
DIN : 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Date : 28 July 2020
Place: Bengaluru

ANNEXURE 7

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(As prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.

The CSR activities of HCG are guided by its Corporate Social Responsibility (CSR) Policy which has been formulated and adopted by HCG in compliance with the provisions of Section 135 of the Companies Act, 2013 and is hosted on the Company's website https://hcgel.com/investors.

The main objective of HCG's CSR Policy is to lay down guidelines for HCG and its subsidiary companies to make CSR a key business process for sustainable development of the Society. It aims at staying committed for ensuring socio-economic development of the community through different participatory and need based initiatives in the best interest of the poor and deprived sections of the society, so as to help them to become self-reliant and build a better tomorrow for themselves. This in turn would lead to sustainable growth of the enterprises they are engaged with, the society and the country at large.

In alignment with the above, HCG through this philanthropic approach, will conduct and initiate programmes focusing on areas covered in the Policy so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate.

HCG's CSR activities, amongst others, will focus on:

- **Hunger, Poverty, Malnutrition and Health:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- **Education:** Promoting education, including special education and employment-enhancing vocational skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects; monetary contributions to academic institutions for establishing endowment funds, chairs, laboratories, etc., with the objective of assisting student in their studies.
- **Gender Equality and Women Empowerment:** Promoting gender equality and empowering women; setting up homes and hostels for women and orphans; setting up of old age homes, day care centres and such other facilities for senior citizens; and adopting measures for reducing inequalities faced by socially and economically backward groups.
- **Environmental Sustainability:** Ensuring environmental sustainability, ecological balance, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water.
- **National Heritage, Art and Culture:** Protecting national heritage, art & culture promoting and developing traditional arts and handicrafts.

2. The Composition of the CSR Committee:

The members of the Corporate Social Responsibility Committee as on March 31, 2020 were:

(i) Dr. Sampath Thattai Ramesh; Chairman

(ii) Dr. Sudhakar Rao, Member;

(iii) Ms. Bhushani Kumar, Member; and

(iv) Dr. B. S. AjaiKumar, Member.

Corporate Social Responsibility Committee of the Board was reconstituted by appointing Dr. S. T. Ramesh, Independent Director, member of the Committee as Chairman of the Committee in place of Dr. Sudhakar Rao, with effect from 23rd May 2019.

Since the initial term of Dr. S. T. Ramesh as an Independent Director of the Company has come to an end on May 28, 2020, he has ceased to be a member of the Committee on the same day. In this regard, the Board of Directors has appointed Dr. B.S. Ajaikumar, member of the Committee as the Chairman of the Committee, effective from June 12, 2020.

As per the Investment Agreement, Mr. Siddharth Patel has been nominated as a member of the Committee on July 28, 2020.

3. Average net profit of the company for last three financial years: ₹ 28,18,47,634

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 56,36,953

5. Details of CSR spent during the financial year: Nil

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

HCG is firmly committed to spend the prescribed CSR expenditure amount in the immediate financial years. The Company is also looking at a long term sustainability model of CSR activities which would make a major impact on the communities at large. Various proposals for CSR projects are in the pipeline which would be considered and taken up by the Committee appropriately; and the unspent CSR expenditure amount with respect to FY 2019-20 is ₹ 56,36,953 and the cumulative unspent CSR expenditure is ₹ 1,02,28,986 would be spent on CSR initiatives through structured events, programs and projects during the current financial year and immediate next financial years.

The Company being in healthcare industry, has also spent significantly for various activities related to COVID-19, which includes promotion of health care, preventive health care and sanitation, research etc. The Company would consider the eligibility to use the CSR funds for COVID 19 related activities, while looking at the external CSR projects.

7. CSR Committee Responsibility Statement.

The CSR Committee of the Board of Directors hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives of the Company.

Dr. B.S. Ajaikumar
Chairman & CEO
DIN: 00713779

Place: Bengaluru
Date: July 28, 2020

ANNEXURE 8

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

A) 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.

The Company has reduced the internal energy consumption through the following:

- Phase out of CFL lamps to LED lights in the utility areas.
- Introduction of timer based operation of Air Handling Units to reduce power consumption.
- Introduction of micro processing energy saver for AHU Motors, in case of new units.
- Implementation of energy optimization practices in Transformer operation in existing as well as new units.
- VFD installation for AHU motor in a phased manner.
- Introduction of timer control for AHU motors to reduce running hours.
- Phase out of split air conditioner units with chilled water FCU to reduce power consumption and capital cost. Also, for the new units, it is being implemented in the initial stage of the project itself.
- Operation of all Lifts and OT AHUs with VFD panels.
- Installation of solar water heaters in hospitals for hot water requirements.
- Design new buildings to match high efficiency standards with respect to consumption of light and other energy resources.

The Company is also contemplating installation of solar panels for lighting requirements across its centres to reduce consumption of 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.

B) Technology absorption:

HCG has, for long, been at the forefront of the fight against cancer. An area of such intensity requires innovative treatments and methods and the introduction of industry-changing technologies, for the overall benefit of both the medical expert and the patient. Cancer research is an area that requires more serious work and HCG aims to rise up to that challenge. In all its years of working in this field, HCG has led the march against cancer and set benchmarks in the industry, by introducing many new technologies, highly useful in increasing accuracy and saving time. Cancer surgery is an important area of medicine and we aim to lead with our strong framework and technology infrastructure.

Some of the best and world class equipments the Company has for the treatment of cancer are as under:

(i) Versa HD™: Versa HD™ is a Versatile, all-in-one system which offers classic radiotherapy to advanced stereotactic precision. Equipped with sophisticated conformal beam-shaping technology and High Dose rate mode delivery, Versa HD™ is designed to provide the precision and speed necessary to deliver advanced stereotactic radiotherapy (SRT) and stereotactic radiosurgery (SRS), techniques that demand the maximum accuracy in tumor targeting and protection of critical structures. Versa HD™ the unique combination of ground-breaking MLC leaf speeds with High Dose Rate mode means clinicians can, for the first time, explore the full capabilities of high dose rate delivery and take advanced therapies to new levels. The equipment was imported in 2016 and the technology has been fully absorbed.

(ii) TomoTherapy® H™: This is one of the most innovative and precise radiation therapy for the first time in India. TomoTherapy is an advanced form of cancer treatment that combines Intensity Modulated Radiation Therapy (IMRT) with the accuracy of Computed Tomography (CT) scanning technology (IGRT- Image Guided Radiotherapy), all in one machine. With this advanced treatment modality, we can modulate powerful radiation beams to treat tumours with precision. Using the built-in CT scanner to confirm the shape and position of the tumour before each treatment, TomoTherapy reduces radiation exposure to healthy tissues and organs thereby minimising the side effects. This technology is very helpful in treating tumours in hard-to-reach sites, tumours that are advanced stage (locally and metastatic) and recurrent tumours which have been previously treated with other radiotherapy techniques. On each treatment day, the scanning technology provides a 3D image of the treatment area, so the radiation beams can be targeted according to the size, shape and location of the tumour(s) on that specific day. Hence there is no chance of missing the target. This minimizes the radiation that reaches the healthy tissues and organs, thereby, reducing the side effects. The TomoTherapy is a radiation therapy which efficiently treats cancer at any site of the body. Designed like a CT scanner, the TomoTherapy uses its integrated imaging to enhance treatment accuracy and a unique beam to improve treatment precision. The TomoTherapy can be used for any case which may need radiation therapy, including those involving large tumors or multiple tumors throughout the body. The TomoTherapy System may be used as the only treatment, or in combination with surgery and/or chemotherapy. The equipment was imported in 2017 and the technology has been fully absorbed.

(iii) **TrueBeam™:** TrueBeam system is the latest and cutting-edge technology in the fight against cancer. Aiding practitioners with its numerous lifesaving tools, this radical system enhances levels of clinical excellence with greater image clarity and pinpoint accuracy. Superior features like one-button image acquisition and full automation of beam delivery makes treatment 50% faster and much more effective. TrueBeam offers improved image quality, millimetre accuracy for increased precision and reduced human errors, thanks to its automated technology. It is highly accurate in tumour detection, has non-toxic elements and offers quicker treatment and delivery. The equipment was imported in 2016 and the technology has been fully absorbed.

(iv) **Skyra 3 Tesla:** This piece of cutting-edge technoloy allows clinicians to get an enhanced diagnosis which aids in deciding an optimal course of treatment and results in better outcomes. The Skyra 3 Tesla MRI incorporates Tim (Total imaging matrix) and Dot (Day optimising throughput) technology. In simple terms, this allows uniquely tailored and optimised scans that can be configured to the patient's condition or a clinical question. It also allows higher spatial and temporal resolution without having to reposition the patient. The Skyra 3T MRI is used in neuro-surgery (surgical planning), tractography, functional MRI and high resolution anatomical data. The Skyra 3T MRI offers high signal to noise ratio which translates into better quality images. It has faster scan times and 3-dimensional data in every body region for every contrast available. Better exploitation of the magnetic properties of blood and other tissues allows diagnostic imaging of superior quality. For the patients there is no sedation required, there's more space to put claustrophobic patients at ease and motion correction for uncooperative patients. It can accommodate patients with special needs - pain and mobility issues, obesity, respiratory problems etc. The equipment was imported in 2010 and the technology has been fully absorbed.

(v) **CyberKnife:** This is the world's first robotic radiosurgery system that offers the patients a new ray of hope in the treatment of tumours and lesions (previously diagnosed as inoperable or untreatable) anywhere in the body with sub-millimetre accuracy. It is considered to be an innovation in the treatment of cancer. CyberKnife offers a non-invasive alternative to surgery with state-of-the-art, real-time image guidance that precisely targets tumours anywhere in the body with pinpoint accuracy and delivers intense doses of radiation. As CyberKnife removes the need for invasive surgery, it also allows the patient to go home immediately after the treatment. Cyberknife offers several advantages to patients as it treats inoperable tumours, with stereotactic bloodless radiosurgery anywhere in the body. It also has high levels of comfort, as it is a relatively pain-free treatment procedure and requires no anaesthesia. CyberKnife also significantly reduces treatment time as it treats only the affected areas and offers minimal side effects allowing the patient to go back to leading a routine life. The equipment was imported in 2009 and the technology has been fully absorbed.

(vi) **The Da Vinci Surgical System:** Robotic surgery, or robot-assisted surgery, allows doctors to perform many types of complex procedures with more precision, flexibility and control than possible with conventional techniques. Robotic surgery is usually associated with minimal invasive surgery procedures performed through tiny incisions. It is also sometimes used in certain traditional open surgical procedures. The Da Vinci Surgical System enables surgeons to perform delicate and complex operations through a few small incisions. 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 3DHD 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. The advantages are minimal blood loss, minimal pain, minimal scarring, minimal complications, shorter hospital stay and faster recovery and return to normal life. The equipment was imported in 2016 and the technology has been fully absorbed.

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.

C) Research and Development:

The Research and Development is an 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.

Strand Life Sciences, associate of HCG 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.

The Company actively publishes 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, Strand is the preferred partner for global pharma companies, academia, diagnostic companies, venture & technology groups for oncology research and clinical projects.

D) Foreign exchange earnings and outgo: The details of Foreign Exchange Earnings and Outgo during the year ended March 31, 2020 vis-a-vis during the year ended March 31, 2019 is as under:

Particulars	For the year ended (₹)	
	March 31, 2020	March 31, 2019
Foreign Exchange Earnings	40,36,23,627	34,38,88,931
Foreign Exchange Expenditure	5,59,57,302	4,83,99,554
Value of Imports on CIF Basis	41,42,23,052	29,64,87,971

ANNEXURE 9

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-MARCH-2020

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

To,
The Members,
HCG MEDI-SURGE HOSPITALS PRIVATE LIMITED
Medi-surge hospital, No. 1 Maharashtra Society
Mithakhali Cross Road,
Ahmedabad,
Gujarat, India, PIN-380006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HCG MEDI-SURGE HOSPITALS PRIVATE LIMITED** (hereinafter called the '**Company**'), with CIN U85110GJ2000PTC037474. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31-March-2020 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31-March-2020, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;

The Management has identified and confirmed the following laws as specifically applicable to the Company, during the financial year 2019-20:

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

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

c. Radiation Protection Rules, 1971 ("Radiation Rules")

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

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

f. Pharmacy Act, 1948 ("Pharmacy Act")

g. Drugs (Prices Control) Order, 2013 ("DPCO")

h. The Clinical Establishments (Registration and Regulation), Act, 2010

i. Narcotic Drugs and Psychotropic Substances Act, 1985 ("Narcotic Act")

j. Transplantation of Human Organs Act, 1994 ("Transplantation of Organs Act")

k. Explosives Act, 1884 ("Explosives Act")

l. Indian Boilers Act, 1923 ("Boilers Act")

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

n. Legal Metrology Act, 2009 ("Legal Metrology Act") and rules thereunder

o. Indian Medical Council Act, 1956 ("IMCA")

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

q. Indian Nursing Council Act, 1947

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

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

t. Batteries (Management and Handling) Rules, 2001 ("Batteries Rules")

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

v. Static and Mobiles Pressure Vessels (Unfired) Rules, 1981

w. Food Safety and Standards Act, 2006

x. Gujarat Electricity Duty Act, 1958

y. National Accreditation Board for Hospitals & Healthcare Providers

z. The Environment (Protection) Act, 1986

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

During the financial year under review, i.e. effective from 28-August-2019, the Company Secretary of the Company has resigned and the Company has intimated the said resignation to the Ministry of Corporate Affairs, through filing Form DIR-12. Since the paid-up share capital of the Company is ₹ 5,56,87,040/-, and on account of the notification issued by the Ministry of Corporate Affairs, dated 3rd January 2020, where the Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 has enhanced the paid-up capital of a Company from ₹ 5 Crores to ₹ 10 Crores to attract the mandatory requirement to appoint a Company Secretary, the Company has not appointed a Company Secretary.

iii) I further report that:

a) The status of the Company during the financial year has been that of Private Limited Company, which is a Subsidiary of a Listed Public Limited Company;

b) The Company is a Subsidiary of **Healthcare Global Enterprises Limited**;

c) The Board of Directors of the Company is duly constituted. There was no change in the composition of the Board of Directors/KMP during the year under review, except resignation of Company Secretary effective from 28-August-2019.

d) 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.

e) The decisions of the Committee, Board and General Meetings were carried out with requisite majority, and the Company has adequate mechanism to capture the views and votes of dissenting Directors/ Members, if any, and to consider and address their concern/suggestion and to record those particulars adequately as part of the minutes, as and where such noting is applicable.

f) 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.

g) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts, arrangements, shareholdings, directorships, interest in other entities.

I further report that, during the financial year under review, there were no specific events having major bearing on the Company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, standards, etc.

Signature

K. L. JAYAKRISHNA
Company Secretary in Practice
FCS No. 7297, CP No. 14890
UDIN: F007297B000635276

Date : 30-August-2020
Place : Bangalore.

Corporate Governance Report

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 of Directors ("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 HCG 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 its 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 of 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 on March 31, 2020, the Board comprised of 5 (five) Independent Non-Executive Directors, 2 (two) Non-Executive Non-Independent Directors and 2 (two) Executive Directors/Whole-time Directors. The Executive Director, Dr. B. S. Ajaikumar is the Chairman of the Board. All 5 Independent Directors are free from any business, pecuniary or other relationship that could materially influence their judgment and satisfy the criteria of independence as defined under the Companies Act, 2013, and the Listing Regulations. The Company has 1 (one) woman Director on the Board, who is an Independent and Non-Executive Director. The profiles of our Directors forms part of the Annual Report.

Out of 5 Independent Non-Executive Directors, tenure of Mr. Suresh Chandra Senapaty and Dr. Sampath Thattai Ramesh has come to an end on May 28, 2020. The said Directors have conveyed their desire not to seek appointment as Independent Directors of the Company for the second term.

Further, Dr. B.S. Ramesh, Director of the Company, has completed his tenure as Executive Director on May 21, 2020. Dr. B.S. Ramesh has continued on the Board of the Company as Non-Executive Director from May 22, 2020. Subsequently, he has resigned from the Directorship of the Company effective from the closing of business hours of June 30, 2020.

Further, on July 28, 2020, Mr. Siddharth Patel and Mr Amit Soni, have been appointed as Additional Directors, as nominees of Asceo Company Pte Ltd, on the Board of the Company, as per the Investment Agreement dated June 04, 2020 entered into by and amongst the Company, Dr. B. S. Ajaikumar and Aceso Company Pte. Ltd.

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 and Risk Management 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 respective Committees of the Board and later with the recommendation of Committee to the Board of Directors for their approval.

The Chairman of the Board decides the agenda in consultation with other members of the Board for the Board meetings. A detailed agenda and notes thereon are sent to each Director in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document along with the agenda, it is tabled before the meeting with specific reference to the agenda. To enable the

Board to discharge its responsibilities effectively, the Board is kept abreast at every meeting on the overall performance of the Company. All the relevant reports are also presented at the Board Meetings. Documents containing unpublished price sensitive information are submitted to the Board and Committee Members, at a shorter notice, as per the general consent taken from the Board, from time to time.

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 Board met four times during the financial year 2019-20 viz., on May 23, 2019, August 08, 2019, November 07, 2019 and February 12, 2020. The gap between two meetings did not exceed 120 days. The necessary quorum was present for all the meetings. In line with Paragraph 4 of Schedule B of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, it is the endeavour of the Company that the gap between the clearance of accounts by audit committee and board meeting is as narrow as possible.

The attendance of the Directors at the Board Meetings for the year ended March 31, 2020 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.	Dr. Sudhakar Rao	Member	4
4.	Mr. Shanker Annaswamy	Member	4
5.	Mr. Suresh C. Senapaty	Member	4
6.	Dr. Sampath T. Ramesh	Member	4
7.	Mrs. Bhushani Kumar	Member	4
8.	Dr. Ramesh S. Bilimagga	Member	4
9.	Dr. Amit Varma	Member	3

There was no change in composition of the Board during the fiscal year 2019-20. Dr. Sudhakar Rao and Mr. Shanker Annaswamy, Independent Directors of the Company, whose initial term of 5 years ended on February 24, 2020, were reappointed for a second term of 5 years effective from February 25, 2020.

Please refer to Para (II) (A) of the report for information on the composition of the Board.

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 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. At the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The template of the letter of appointment is available on our website at https://hcgel.com/investors

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

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 https://hcgel.com/policies-and-guidelines/. We affirm that the remuneration paid to Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

The 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 and Key Skills, Expertise, and Core Competencies of the Board

The Board of the Company comprises of eminent personalities. These Directors are nominated based on well-defined selection criteria. The Nomination and Remuneration Committee considers, inter alia, key qualifications, skills, expertise and competencies, whilst recommending to the Board the candidature for appointment as Independent Director.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself about the independence of the Directors vis-à-vis the Company, to enable the Board to discharge its functions and duties effectively.

Pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations as amended from time to time, the following are the key skills/ expertise/competence that has been identified, so that the Board of Directors comprises of a diverse and multidisciplinary group of professionals with requisite skills/expertise/ competence who can contribute towards providing strategic direction to the Company's management to continue to pursue its vision of providing quality and affordable healthcare whilst upholding the highest standards of Corporate Governance.

Key Competencies	Brief Description
Corporate Governance	Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests and Company's responsibilities towards its customers, employees, suppliers, regulatory bodies and the communities in which it operates.
Business/ Management Leadership Experience	Strong management and leadership experience including in areas of business development, strategic planning, mergers and acquisitions, scientific research and development, senior level government experience and academic background or can demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector including an understanding of topics such as managing complex projects, leveraging information technology, planning and measuring performance and allocating resources to achieve outcomes.
Personal values	Personal characteristics matching the Company's values such as integrity, accountability, and high performance standards.
Information Technology	Knowledge and experience in the strategic use and governance of information management and technology with ability to apply it to the healthcare/hospital sector, emerging areas of technology such as digital, artificial intelligence, cloud and cyber security, intellectual property in information technology domain and knowledge of technology trends.
Functional and managerial Experience	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws, international markets, sales and marketing and risk management.
Industry/Sector Knowledge	Experience with or is able to demonstrate knowledge or expertise of healthcare industry including understanding of particular trends, challenges and opportunities, or unique dynamics within the sector that are relevant to the Company.
Diversity	Diversity of thought, experience, knowledge, perspective, gender and culture. Varied mix of strategic perspectives and geographical focus with knowledge and understanding of key geographies.

Given below is a list of core skills, expertise and competencies of the individual Directors:

Name of the Director	Skills/Expertise/Competencies						
	Corporate Governance	Business/ Management Leadership Experience*	Personal values	Information Technology*	Functional and managerial Experience*	Industry/ Sector Knowledge*	Diversity
Mr. Suresh C Senapaty	✓	✓	✓	✓	✓	✓	✓
Dr Sudhakar Rao	✓	✓	✓	✓	✓	✓	✓
Mr. Shanker Annaswamy	✓	✓	✓	✓	✓	✓	✓
Mr. Gangadhara Ganapati	✓	✓	✓	✓	✓	✓	✓
Dr Ramesh S Bilimagga	✓	✓	✓	✓	✓	✓	✓
Dr B S Ajaikumar	✓	✓	✓	✓	✓	✓	✓
Dr Amit Varma	✓	✓	✓	✓	✓	✓	✓
Dr Sampath T Ramesh	✓	✓	✓	✓	✓	✓	✓
Mrs Bhushani Kumar	✓	✓	✓	✓	✓	✓	✓

* These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/ experience within the described set of parameters, and it is not necessary that all Directors possess all skills/ experience listed therein in the same depth and intensity.

The Nomination and Remuneration Committee considers the above attributes/criteria, whilst recommending to the Board the candidature for appointment of Directors. These skills/competencies are broad-based, encompassing several areas of expertise/experience.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall, apart from considering the skills/competencies, obtain a declaration to that effect, to 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.

In case of re-appointment of Independent Directors, the Board takes into consideration the performance evaluation of the Independent Directors and their engagement level.

As required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors have completed the registration with the Independent Directors Databank.

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. Meeting of Independent Directors

The Company's Independent Directors are required to meet at least once in every Financial Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted to enable Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views. Further, Independent Directors also review the performance of the Non-Independent Directors, Chairperson (after considering the views of Executive and Non-Executive Directors of the Company) and the Board as a whole. During the Financial Year under review, the Independent Directors met on August 07, 2019, October 18, 2019 and February 05, 2020.

I. Familiarization programme of Directors

All new Board Members 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.

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, operations review, quarterly and annual results, budgets, review of internal audit reports and action taken reports, statutory compliances, risk management, operations of subsidiaries and business strategy and risks involved. Such presentations and documents provides an opportunity to the Independent Directors to interact with the Senior Management Team of the Company and help them understand the Company's strategy, operations, services, organization structure, finance, human resources, technology, quality and such other areas as may arise from time to time.

Details regarding familiarization programme are provided in Company's Corporate Governance Guidelines which is available in https://hcgel.com/investors.

J. 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, reimbursement of expenses for participation in the Board/Committee meetings as detailed hereunder:

a) sitting fees for each meeting of the Board or Committee of the Board attended by him or her, of such sum as may be approved by the Board within the overall limits prescribed under the Companies Act, 2013.

b) reimbursement of expenses for participation in Board/Committee meetings.

c) Independent Directors are not entitled to participate in the stock option schemes of the Company.

In determining the remuneration of Chairman and CEO, Executive Director, 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, is 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 based variable pay;

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.

e) Directors forming part of the Promoter and Promoter group shall not be entitled to receive stock options.

The Nomination and Remuneration Committee of the Board recommends to the Board, for payment of remuneration to the Executive Directors. The Board, subject to the approval of the shareholders, approves the payment of remuneration to the Executive Directors. Each of our Executive Directors have also signed an agreement containing the terms and conditions of employment, including their remuneration. These agreements have varying terms ranging from two to four year period. The Agreement cannot be terminated prior to the expiry of the Term by either Party, except for Cause to the Company or for Cause to the Employee. The payment to be made upon termination of services would depend upon the nature of Cause for termination of the agreement.

K. 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 2019-20. No stock options were granted to any of the Independent Directors and Promoter Directors during the year 2019-20. None of the Directors are related to each other.

Details of remuneration paid to Directors during the year 2019-20:

(₹ in Million)

Name of the Director	Dr. B. S. Ajaikumar	Gangadhara Ganapati	Sudhakar Rao	Shanker Annaswamy	Suresh C. Senapaty	Sampath. T. Ramesh	Bhushani Kumar	Dr. B. S. Ramesh	Dr. Amit Varma
Salary	20.83 *	Nil	Nil	Nil	Nil	Nil	Nil	8.03	Nil
Allowances	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commission/ Incentives	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting fees (excluding GST)	Nil	Nil	0.70	0.95	0.73	0.70	0.65	Nil	Nil
Retirals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock options (number of options)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

* Dr. B.S. Ajaikumar has voluntarily waived his fixed compensation for two months during the year.

L. Key Information pertaining to Directors as on March 31, 2020 is given below:

Sl. No.	Name of the Director and DIN	Category	Date of appointment	Directorship in Companies* including this Company	Number of Chairmanship in Audit/Stakeholder Committee held in listed entities including this listed entity	Number of Memberships in Audit/Stakeholder Committees * including this listed entity	Attendance at the last AGM held on September 26, 2019	No. of shares held as on March 31, 2020	Number of Independent Directorship in other listed entities **
1	Dr. B. S. Ajaikumar DIN: 00713779	Promoter, Executive Director	07/03/2000	7	Nil	1	Yes	1,76,80,921	Nil
2	Mr. Gangadhara Ganapati DIN: 00489200	Non- Executive Non-Independent Director	21/12/2005	4	1	1	Yes	17,16,170	Nil
3	Dr. Sudhakar Rao DIN: 00267211	Independent Director	25/02/2015	5	3	4	Yes	Nil	Tata Elxsi Limited
4	Mr. Shanker Annaswamy DIN: 00449634	Independent Director	25/02/2015	3	Nil	3	Yes	Nil	IndusInd Bank Limited
5	Mr. Suresh C. Senapaty DIN: 00018711	Independent Director	29/05/2015	7	2	3	Yes	Nil	Honeywell Automation India Limited
6	Dr. Sampath. T. Ramesh DIN: 03522398	Independent Director	29/05/2015	1	Nil	Nil	Yes	455	Nil
7	Mrs. Bhushani Kumar DIN: 07195076	Independent Director	29/05/2015	1	Nil	1	Yes	Nil	Nil
8	Dr. Ramesh S. Bilimagga DIN: 00518434	Executive Director	10/11/2016	4	Nil	Nil	No	2,62,356	Nil
9	Dr. Amit Varma DIN: 02241746	Non- Executive Non-Independent Director	10/11/2016	12	Nil	2	No	Nil	Nil

*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 partner.

**These Directorships are in the capacity as Independent Directors.

Notes:

(i) None of the Directors are related to each other.

(ii) Dr. Sudhakar Rao and Mr. Shanker Annaswamy, whose initial term of 5 years ended on February 24, 2020, were reappointed for a second term of 5 years with effect from February 25, 2020.

(iii) Dr Ramesh S Bilimagga has completed his tenure as Executive Director on May 21, 2020. Dr. B.S. Ramesh has continued on the Board of the Company as Non-Executive Director from May 22, 2020. Subsequently, he resigned from the Directorship of the Company effective from the closing of business hours of June 30, 2020.

(iv) Initial term of 5 years of Mr. Suresh Chandra Senapaty and Mr. Sampath T Ramesh, as Independent Directors of the Company have come to an end on May 28, 2020. The said Directors have conveyed their desire not to seek re-appointment as Independent Directors of the Company for the second term.

None of our Directors are members in more than 10 committees and has not acted as Chairman of more than 5 committees across all companies in which they were Directors. The membership and chairmanship in the Committees as above covers the Audit and Risk Management Committee and Stakeholders Relationship Committees only.

III. Governance by the Sub-Committee of The Board of Directors

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval.

During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered.

We have the following five sub-committees of the Board as at March 31, 2020

A. Audit and Risk Management Committee;

B. Nomination and Remuneration Committee;

C. Stakeholders' Relationship Committee;

D. Corporate Social Responsibility Committee; and

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 Listing Regulations and its terms of reference inter-alia, include the following:

(a) reviewing on a regular basis the adequacy of the internal audit function, coverage and frequency of internal audits including the structure of internal audit department.

(b) reviewing and discussing with internal auditors and management on issues / findings arising from the internal audit reports and follow up thereon. This would include reviewing the issues / findings arising from internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the same to the Board.

(c) meeting separately with the Internal Auditors, Statutory Auditors and Management on a quarterly basis.

(d) reviewing and monitoring the Auditor's Independence, performance and effectiveness of audit process.

(e) to make necessary recommendations to the Board to engage, disengage and re-engage Statutory Auditors, pre-approve all audit engagement fees and terms; and pre-approve any non-audit relationship with the Statutory Auditor and the payment to be made for such services.

(f) discussion with Statutory Auditors before the audit commences, on the nature, scope and approach of the audit and to review the performance of the Statutory Auditors.

(g) post-audit discussion with Statutory Auditors to ascertain areas of concern and annually obtaining and reviewing a report by the Statutory Auditor describing material issues, if any raised by the most recent peer review of the firm, inquiry or investigation, if any by governmental or professional authorities within the preceding five years in respect of one or more independent audits carried out by the firm, or on steps, if any, taken to deal with any such issues, relationships between the Statutory Auditor and the Company so as to assess the Auditor's independence, etc.

(h) review of the Company's accounting policies, internal accounting controls, internal financial controls, risk management systems and policies and such other matters as the Audit Committee deems appropriate.

(i) overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are materially correct.

(j) review and discuss the audited financial statements with management and the Statutory Auditors and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.

(k) reviewing and examining with management the annual financial statements and the auditors' report thereon before submission to the Board of Directors for approval as required under the Companies Act, 2013, which includes changes in accounting policies and practices and reasons for the same, major accounting entries based on exercise of judgment by management, qualifications in draft audit report, significant adjustments made in the financial statements arising out of audit findings, disclosure of any related party transactions etc.,

(l) reviewing, with the management, the quarterly financial statements before submission to the Board for approval, including the statement of uses/application of fund raised through an issue (public issue, rights issue, preferential issue, etc.), and making appropriate recommendations to the Board to take up steps in this matter.

(m) review and approval of a policy on materiality of related party transactions, approval or any subsequent modifications of transactions with related parties, including review on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given, Statement of significant related party transactions, (as defined by the Audit Committee), if any, submitted by the Management.

(n) reviewing the financial statements of unlisted subsidiaries and in particular the investment made by unlisted subsidiaries.

(o) evaluation of internal financial controls, risk management systems and policies including review of cyber-security.

(p) review of utilization of loans and advances from, and investment by, the Company in its subsidiaries exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower, including existing loans, advances and investments.

(q) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.

The detailed charter of the Committee is available on our website at www.hcgel.com/investors.

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.

As on March 31, 2020, all the members of our Audit and Risk Management Committee are Independent Non-Executive Directors. 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 four times during the year, i.e., May 22, 2019, August 07, 2019, November 04, 2019 and February 06, 2020.

The composition of the Audit and Risk Management Committee as on March 31, 2020 and their attendance at the committee meetings are given in the below table.

Name	Position	Number of meetings attended
Mr. Suresh C. Senapaty	Chairman*	4
Dr. Sudhakar Rao	Member	4
Mr. Shanker Annaswamy	Member	4

*The tenure of Mr. Suresh Chandra Senapaty as a member of the Audit and Risk Management Committee has come to end on May 28, 2020. Dr. Sudhakar Rao, Independent Director, member of the Audit Committee has been appointed as the Chairman of the Audit and Risk Management Committee, effective from June 12, 2020. Mrs. Bhushani Kumar, Independent Director was appointed as a member of the Audit and Risk Management Committee effective from June 12, 2020.

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 Listing Regulations. The terms of reference of the Nomination and Remuneration Committee inter-alia, includes:

a) review annually and approve for the Chief Executive Officer ("CEO") the corporate goals and objectives applicable to the CEO, evaluate at least annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's (a) annual base salary, (b) annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreement, severance arrangements, and change in control agreements/ provisions, and (e) any other benefits, compensation or arrangements, based on this evaluation.

b) review annually and approve for the executive directors and the senior management, the (a) annual base salary, (b) annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements or plans, and change in control agreements / provisions, and (e) any other benefits, compensation or arrangements.

c) administer the Company's equity incentive plans, including the review and grant of awards to eligible employees under the plans and the terms and conditions applicable to such awards, subject to the provisions of each plan.

d) recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees. This policy shall be such that the remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior employees of the quality required to run the company successfully. This policy shall set out a clear relationship between remuneration and performance, including appropriate performance benchmarks. The policy shall ensure that the remuneration to directors, key managerial personnel and senior employees involves a balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

e) formulate the criteria to determine the qualifications, qualities, skills, positive attributes, independence and other expertise required to be a director of the Company and to develop, and recommend to the Board for its approval, criteria to be considered in selecting director(s) (the "Director Criteria").

f) identify (including through head hunter agencies), screen and review candidates qualified to be appointed as executive directors, non-executive directors and independent directors, consistent with Director Criteria (including evaluation of incumbent directors for potential renomination), and making recommendations to the Board on candidates for: (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled by the Board. The Committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board. The Committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.

g) review annually, the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairpersons.

h) the Committee shall work with the Chairman of the Board to develop and recommend to the Board for approval, a CEO succession plan (the "Succession Plan"), and shall review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under the Succession Plan.

i) develop, subject to approval by the Board, a process for an annual evaluation of the performance of the Board, the individual directors and board committees in the governance of the Company and to coordinate and oversee this annual evaluation.

j) formulate criteria for evaluation of independent directors and the Board and carry out evaluation of every director's performance.

k) annually review its own performance and present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

l) maintain regular contact with the leadership of the Company, review of data from the employee survey and regularly review results of the annual leadership evaluation process.

m) identify persons to be appointed to positions of Senior Management in accordance with identified criteria and to recommend to the board their appointment and removal.

n) the Committee shall disclose the criteria for performance evaluation, as laid down by the Nomination and Remuneration Committee, in Company's Annual Report.

o) develop and recommend a policy on Board diversity.

The detailed charter of the Committee is available on our website at https://hcgel.com/investors

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 (including Independent Directors) as well as the evaluation of the working of all the Committees of the Board. Details of methodology adopted for Board evaluation has been provided in the Board's Report.

The Nomination and Remuneration Committee has met four times during the year 2019-20, i.e., May 20, 2019, August 07, 2019, November 04, 2019 and February 05, 2020.

The composition of the Nomination and Remuneration Committee and their attendance at the committee meetings during FY 2019-20 are given in the below table.

Name	Position	Number of meetings attended
Mr. Shanker Annaswamy	Chairman	4
Dr. Sampath T. Ramesh*	Member	4
Mr. Gangadhara Ganapati	Member	4

*The tenure of Dr. Sampath T Ramesh as a member of the Nomination and Remuneration Committee has come to end on May 28, 2020. Dr. Sudhakar Rao has been appointed as member of Nomination and Remuneration Committee effective from June 12, 2020.

C. Stakeholders' Relationship Committee

This Committee is constituted in compliance with Section 178 of the Companies Act, 2013 and Reg the Listing Regulations as Stakeholders' Relationship Committee.

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

a) resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.

b) approve issue of duplicate certificates and new certificates on split / consolidation / renewal etc.

c) approve transfer/transmission, dematerialization and rematerialization of equity shares in a timely manner.

d) monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provide continuous guidance to improve the service levels for investors.

e) review of cases for refusal of transfer / transmission of shares and debentures.

f) advice, guide and oversee the activities of the internal investor relations department.

g) review movement in shareholdings and ownership structure.

h) review of measures taken for effective exercise of voting rights by the shareholders.

i) review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / Annual Reports / statutory notices by the shareholders of the company.

j) monitor and review any investor complaints received by the Company or through SEBI, SCORES (Sebi COmplaints REdress System) and ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance officer and RTA of the Company.

k) perform any other function as required under the (i) Listing Regulations (ii) The Companies Act, 2013 and Rules framed thereunder (iii) the equity listing agreement entered into between the Company and the Stock exchanges on which its equity shares are listed (iv) by the Board and (v) any other SEBI Regulations or any other applicable law, as amended from time to time.

l) perform and review investor satisfaction surveys.

m) consult with other committees of the Board, if required, while discharging its responsibilities; and

n) monitor and review on an annual basis the Company's performance in dealing with Stakeholder grievances.

The detailed charter of the Committee is available on our website at https://hcgel.com/investors.

Stakeholders' Relationship Committee of the Board has met three times during the year 2019-20, i.e., May 22, 2019, Aug 06, 2019 and November 07 2019.

The composition of the Stakeholders Relationship Committee and their attendance at the committee meetings during FY 2019-20 are given in the below table.

Name	Position	Number of meetings attended
Mr. Gangadhara Ganapati	Chairman	3
Dr. B. S. Ajaikumar	Member	3
Mrs. Bhushani Kumar	Member	3

The Chairman of the Committee, Mr. Gangadhara Ganapati is a non-executive director.

Details of Shareholders Complaints

The details of shareholders' complaints received and resolved till March 31, 2020 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
Nil	Nil	Nil	Nil

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 and their attendance at the committee meetings during FY 2019-20 are given in the below table:

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

The Committee has met once during the financial year 2019-20 i.e., on May 22, 2019.

*The tenure of Mr. Sampath T Ramesh as a member of the Corporate Social Responsibility Committee has come to end on May 28, 2020. Further, Dr. B.S Ajaikumar has been appointed as Chairman of the Corporate Social Responsibility Committee effective from June 12, 2020.

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 oversight 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 members of the Committee and their attendance at the committee meetings during FY 2019-20 are given in the below table:

Name	Position	Number of meetings attended
Dr. B. S. Ajaikumar	Chairman	1
Mr. Gangadhara Ganapati	Member	1
Mr. Suresh Senapaty*	Member	1
Mr. Shanker Annaswamy	Member	1
Dr. Amit Varma	Member	1

The Committee has met once during the financial year 2019-20 i.e., on May 10, 2019.

* Mr. Suresh Chandra Senapaty ceased to be a Member of Strategy Committee effective from May 28, 2020.

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's 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 of the organization for developing models for financial analysis of new projects, mergers and acquisitions etc., and for presenting financial information for evaluating investment opportunities.

IV. Governance Through Management process

A. Code for Prevention of Insider Trading:

On December 31, 2018, Securities and Exchange Board of India amended the Prohibition of Insider Trading Regulations, 2015, prescribing various new requirements with effect from April 1, 2019. In line with the amendments, your Company has adopted an amended Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company's website at https://hcgel.com/investors.

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 https://hcgel.com/investors. 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 the policy is appropriately communicated within the Company across all levels and has been displayed on the Company's intranet and website at https://hcgel.com/investors. This policy of the Company was amended to align with the requirements under Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This meets the requirement under Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of Listing Regulations.

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 of 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. During the year 2019-2020, five complaints were received at a group level and the same were investigated, out of which all were resolved as per the provisions of Sexual Harassment of Women at Workplace (prevention, Prohibition & Redressal) Act, 2014. as on March 31, 2020.

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. 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 Listing Regulations, the Company has adopted a policy on Related Party Transactions and process for purpose of identification, monitoring and reporting of such transactions. The policy on Related Party Transactions as approved by the Audit Committee and the Board is available on the Company's website at https://hcgel.com/investors.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company, other than the managerial remuneration paid/payable to the Executive Directors and sitting fees to the Independent Directors. During the year 2019-20, 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, SEBI and other statutory authorities on the 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 have been denied access to the Audit and Risk Management Committee or its Chairman.

D. Policy for determining material subsidiary

The Company has adopted a policy for determining a material subsidiary, in terms of which a subsidiary shall be considered as Material, if, the income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

In terms of the said policy, HCG Medi-Surge Hospitals Limited has become a Material Subsidiary during FY 2019-20. Necessary compliances with respect to material subsidiaries have been duly carried out.

For the purpose of appointing an Independent Director on the Board of the material non-listed subsidiary Company, "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth of the holding Company in the immediately preceding accounting year. The income or net worth of HCG Medi-Surge Hospitals Limited does not exceed 20% of the consolidated income or net worth of the holding Company.

The policy for determining material subsidiary is available on the Company's website at https://hcgel.com/investors.

E. Framework to Monitor Subsidiary companies

All the subsidiaries of the Company are managed with their Boards having the rights and obligations to manage those subsidiary companies in the best interest of their stakeholders. The Company nominates its representatives on the Board of subsidiary companies and monitors performance of such subsidiaries, 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 board of unlisted subsidiary companies are placed before the Company's Board, as required under the Companies Act, 2013 and Listing Regulations.

F. Certificate on Compliance with norms of Corporate Governance

The certificate issued by Mr. V Sreedharan, Partner, V Sreedharan & Associates, Practising Company Secretaries, forms part of this Annual Report and is in compliance with corporate governance norms prescribed under the Listing Regulations.

G. Unclaimed Shares

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

The disclosure as required under Listing Regulations are given below:

i. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil

ii. Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Nil

iii. Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Nil

iv. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

v. 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 Listing Regulations with respect to Corporate Governance to the extent applicable to the company. Specifically, your Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations.

Your Company has complied with the Disclosure Requirements of Listing 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. Certificate by Practicing Company Secretary

The Company has received certificate from Mr. V Sreedharan, Partner, V Sreedharan & Associates, Practising Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate of Affairs or any such authority. The certificate forms part of the Annual Report.

J. 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 https://hcgel.com/investors.

K. 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, 2020.

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

Bengaluru
July 28, 2020

Annexure

General Shareholder Information

A. Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is L15200KA1998PLC023489 and our Company Registration Number is 023489.

B. Annual General Meeting

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

The Day, date and time : Tuesday, September 29, 2020 at 3.00 P.M.

Venue : Corporate Office: No. 3, Ground Floor, Tower Block, Unity Buildings Complex, Mission Road, Bengaluru – 560027

General Body Meetings

i. Details of last three Annual General Meetings

Particulars	Date & Time	Venue	Special Resolutions passed
For the Financial year ended March 31, 2019 – Twenty first AGM	September 26, 2019 at 3.00 PM	The Chancery Pavilion, No. 135, Residency Road, Shanthala Nagar, Ashok Nagar, Bengaluru – 560025	1. To re-appoint dr. B. S. Ajaikumar (DIN: 00713779) as Whole-Time Director & Chief Executive Officer of the company, for a period of 4 years w.e.f. July 01, 2019. 2. To approve increase in remuneration of Ms. Anjali Ajaikumar, VP – Strategy and Quality, relative of Dr. B. S. Ajaikumar, Whole-Time Director & CEO
For the Financial year ended March 31, 2018 - Twentieth AGM	September 26, 2018 at 3.00 PM	M. S. Ramaiah Memorial Hospital Auditorium, M. S. Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post, Bengaluru – 560054	1. To approve making investments in excess of the limits prescribed under Section 186 of the Companies Act, 2013. 2. Appointment of Dr. B. S. Ramesh, Director as an Executive Director of the Company w.e.f. May 22, 2018 for a period of 2 years at a remuneration of ₹ 87,50,000 per annum. 3. Increase in remuneration of Ms. Anjali Ajaikumar, Vice-President – Strategy & Quality, relative of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. 4. Increase in remuneration of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. 5. Approve re-classification of Dr. B. Amarkumar from Promoter Group category to public category
For the Financial year ended March 31, 2017 - Nineteenth AGM	August 10, 2017 at 4.00 PM	M. S. Ramaiah Memorial Hospital Auditorium, M. S. Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post, Bengaluru – 560054	1. Increase in remuneration of Ms. Anjali Ajaikumar, Vice-President – Strategy & Quality, relative of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. 2. To approve borrowings in excess of the limits prescribed under Section 180 (1) (c) of the Companies Act, 2013.

ii. **Details of Special Resolutions passed in Extraordinary General Meetings**

1) **At the Extraordinary General Meeting held on December 1, 2017, the shareholders have passed Resolution with requisite majority as listed below:**

Approve, with or without modification, the Scheme of Amalgamation of HCG Pinnacle Oncology Private Limited with HealthCare Global Enterprises Limited

2) **At the Extraordinary General Meeting held on December 22, 2017, the shareholders have passed Special Resolution as listed below:**

Issue of Equity Shares on a Preferential Allotment / Private Placement Basis to Indgrowth Capital Fund,

3) **At the Extraordinary General Meeting held on March 29, 2018, the shareholders have passed Special Resolution as listed below:**

Issue of equity shares on Preferential allotment/ Private placement basis to Dr M. Gopichand, one of the Promoters, for consideration other than cash

4) **At the Extraordinary General Meeting held on June 24, 2019, the shareholders have passed Special Resolution as listed below:**

Issue of equity shares on Preferential allotment/ Private placement basis to Dr Kunnathu Philipose Geevarghese, for cash consideration

iii. **Details of resolutions passed through postal ballot during Financial Year 2019-20 and details of the voting pattern:**

The Company sought the approval of shareholders through notice of postal ballot dated January 17, 2020 by way of special resolution for the reappointment of Dr. Sudhakar Rao and Mr. Shanker Annaswamy, Independent Director for a second term of 5 years with effect from February 25, 2020. The aforesaid resolutions were duly passed and the results of postal ballot/e-voting were announced on February 22, 2020. Mr. V. Sreedharan, Partner of V Sreedharan & Associates, Practicing Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Sl No	Special Resolutions	No. of Votes Polled	No. of Votes Cast in Favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
1	Reappointment of Dr. Sudhakar Rao, as an Independent Director of the Company for second term of 5 years with effect from February 25, 2020	6,39,78,475	5,44,24,473	95,54,002	85.07	14.93
2	Reappointment of Mr. Shanker Annaswamy, as an Independent Director of the Company for a second term of 5 years with effect from February 25, 2020	6,39,78,475	6,35,65,509	4,12,966	99.35	0.65

Procedure for Postal Ballot

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The shareholders are provided the facility to vote either by physical ballot or through e-voting. The postal ballot notice is sent to shareholders in electronic form to the email addresses, where available, or in physical form through permitted mode where email addresses are not available. The Company also publishes a notice in the newspapers in accordance with the requirements under the Companies Act, 2013

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 https://hcgel.com/investors.

Our quarterly results are published in widely circulated newspapers such as The Business Standard (English), and Vijayawani (Kannada).

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 https://hcgel.com/investors.

iii. Annual Report: Annual Report containing audited standalone financial statements, consolidated financial statements together with Board's 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 2019 to 31st March 2020. The company got its securities listed on BSE Limited and National Stock Exchange of India Limited on 30th March 2016.

E. Dividend

In the absence of distributable profits, the Board of Directors of your Company have not recommended any dividend for the financial year 2019-20.

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 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, 2020

Sl No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 500	8484	84.90	812323	0.92
2	501 - 1000	771	7.72	560045	0.63
3	1001 - 2000	256	2.56	370167	0.42
4	2001 - 3000	126	1.26	313024	0.35
5	3001 - 4000	41	0.41	145439	0.16
6	4001 - 5000	44	0.44	203498	0.23
7	5001 - 10000	76	0.76	514433	0.58
8	10001 and above	195	1.95	85771700	96.71
	TOTAL:	**9993**	**100.00**	**88690629**	**100.00**

J. Share Price Data

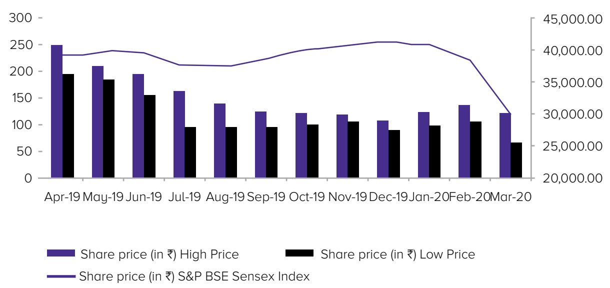
i. National Stock Exchange of India Limited

Month	Share Price (In ₹)				Turnover (₹ In Million)
	Open Price	High Price	Low Price	Close Price	
Apr-19	220.00	220.00	193.35	197.20	163.65
May-19	199.90	208.70	187.00	189.05	33.23
Jun-19	190.00	194.00	155.10	156.85	55.12
Jul-19	154.50	159.95	94.00	115.25	90.23
Aug-19	116.15	140.00	96.75	103.65	54.31
Sep-19	109.90	122.50	94.40	110.10	149.13
Oct-19	111.60	122.25	102.55	118.80	26.18
Nov-19	116.35	124.00	105.00	106.40	110.09
Dec-19	108.00	108.00	90.10	104.40	270.39
Jan-20	108.75	123.45	100.15	115.80	66.37
Feb-20	117.00	123.85	105.45	111.10	236.97
Mar-20	110.50	117.15	65.00	74.10	106.69

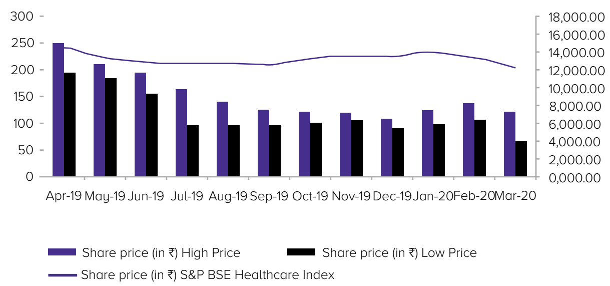
ii. BSE Limited

Month	Share Price (In ₹)				Turnover (₹ In Million)
	Open Price	High Price	Low Price	Close Price	
Apr-19	211.00	248.80	195.15	205.00	0.72
May-19	201.00	209.90	185.05	191.90	2.56
Jun-19	190.00	194.00	154.40	154.75	23.11
Jul-19	159.55	163.15	95.00	113.75	4.06
Aug-19	114.00	138.00	94.00	103.50	3.94
Sep-19	110.00	122.75	95.00	111.70	76.84
Oct-19	108.00	120.45	100.05	116.25	1.28
Nov-19	115.00	120.00	105.10	106.20	2.56
Dec-19	103.00	108.00	90.30	104.15	42.23
Jan-20	105.50	124.00	98.00	114.35	1.67
Feb-20	119.40	137.00	105.25	111.60	18.54
Mar-20	115.90	121.00	66.50	75.00	18.08

HCG Share price and BSE sensex movement from April 2019 to March 2020



HCG Share price and BSE Healthcare Index movement from April 2019 to March 2020



K. Shareholding pattern – Physical Vs DEMAT

The pattern of shareholding in physical as against in DEMAT mode as on March 31, 2020 is as under:

Sl No	Description	Cases	Shares	% Equity
1	PHYSICAL	116	681,908	0.77
2	NSDL	6,344	82,630,119	93.17
3	CDSL	3,676	5,378,602	6.06
	Total:	**10,136**	**88,690,629**	**100.00**

Out of total 10,136 shareholders, 116 shareholders hold 681,908 shares, aggregating to 0.77% of total shares, in physical mode as on March 31, 2020.

L. Registrar and Transfer Agents

The Company's Registrar and Share Transfer Agent is M/s. KFIN TECHNOLOGIES PRIVATE LIMITED (name changed from Karvy Fintech 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. KFIN TECHNOLOGIES PRIVATE LIMITED
Unit: HealthCare Global Enterprises Limited
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda
Hyderabad – 500 032
Telangana
Phone: 040-67162222
Fax: 040-23001153

Contact person name, designation, e-mail id:

Mr. Ganesh Chandra Patro, Sr. Manager - einward.ris@kfinteck.com

M. Share Transfer System and Reconciliation of Share Capital Audit

Trading in equity shares of the Company through recognized stock exchanges is permitted only in dematerialized form. Pursuant to amended Regulation 40 of SEBI Listing Regulations, with effect from April 01, 2019, requests for effecting transfer of Securities shall not be processed unless the Securities are held in the dematerialised form with a Depository. However, investors are not barred from holding shares in physical form.

The Reconciliation of Share Capital Audit as stipulated under Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 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 Listing 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. Email based Query Redressal System

Members may utilize this facility extended by the Registrar & Transfer Agents for redressal of their queries. Please email your queries to einward.ris@kfintech.com.

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	For Investor Relations
Ms. Sunu Manuel Company Secretary and Compliance Officer HealthCare Global Enterprises Limited **Registered Office:** HCG Towers, No. 8, P. Kalinga Rao Road, Sampangi Rama Nagar Bengaluru – 560027 **Corporate Office:** Unity Building Complex No. 3, Tower Block, Unity Building Complex, Mission Road Bengaluru – 560027 **Phone:** 080-46607700 **Fax:** 080-46607748 **e-mail:** investors@hcgel.com	Mr. Niraj Didwania Head – Investor Relations HealthCare Global Enterprises Limited **Corporate Office:** Unity Building Complex No. 3, Tower Block, Unity Building Complex, Mission Road Bengaluru – 560027 **Phone:** 080-46607700 **Fax:** 080-46607748 **e-mail:** investors@hcgel.com

P. Credit Ratings

The Company has been rated A- for Long Term Debt and A2+ for Short Term Debt by ICRA.

Q. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the year 2019-20, the Company had issued 710,526 Equity Shares of ₹ 10 Each at a premium of ₹ 275 per equity share on preferential basis to Dr. Kunnathu Philipose Geevarghese. The total size of the issue was ₹ 202,499,910

Objects for which funds have been raised and where there has been a deviation, in the following table

Original Object	Modified Object, if any	Original Allocation (₹)	Modified allocation, if any	Funds Utilised (₹)	Amount of Deviation/ Variation for the quarter according to applicable object	Remarks, if any
The proceeds from the preferential issue of Equity Shares shall inter-alia be utilized to fund the capital requirements of the upcoming cancer centres	NA	20,24,99,910	NA	20,24,99,910	NIL	NA

R. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

(₹ in Million)

Payments to auditors	31 March 2020	31 March 2019
Audit fee excluding OPE and taxes	8.6	8.6
Others	2.6	1.4
Total	**11.2**	**10.0**

S. Chairman and Managing Director / CFO Certification

The Chairman and CEO, CFO have issued certificate pursuant to the provisions of Regulation 17 (8) of Listing Regulations 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.

T. Hospital units/locations

Your Company, with its subsidiaries provides healthcare services across India and Africa. Details of locations of units are available on our website https://www.hcgoncology.com/our-hospitals.

U. Outstanding GDR's/ ADR's or Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDR's/ ADR's or warrants or any convertible instruments during the year under review.

V. Commodity price risk or foreign exchange risk and hedging activities

Refer Note on financial risk management of the financial Statements for details on commodity price risk, foreign exchange risk and hedging activities.

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
Bengaluru

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, 2020 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.

Bengaluru
July 28, 2020

Dr. B. S. Ajaikumar
Chairman & CEO
DIN : 00713779

Srinivasa V. Raghavan
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No : L15200KA1998PLC023489
Nominal Capital : ₹ 200 Crores

To
The Members of
HEALTHCARE GLOBAL ENTERPRISES LIMITED,

We have examined all the relevant records of HEALTHCARE GLOBAL ENTERPRISES LIMITED (CIN: L15200KA1998PLC023489) for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2020. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

(a) *In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations except that the Annual Compliance Report for the year ended March 31, 2019, as required under Sl. No. 3(b) (iii) of the SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, effective from the year ended March 31, 2019, was uploaded to the stock Exchanges on June 10, 2019, with a marginal delay of 10 days. The Company has informed the National Stock Exchange about submission of the Annual Compliance Report. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has complied with items C and E.*

For V. Sreedharan & Associates
Company Secretaries

Sd/-
V. Sreedharan
Partner
FCS: 2347; CP No. 833

Bengaluru
July 27, 2020
UDIN: F002347B000506917

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
HEALTHCARE GLOBAL ENTERPRISES LIMITED
HCG Tower, NO.8, P. Kalinga Rao Road,
Sampangi Rama Nagar, Bengaluru - 560027

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HEALTHCARE GLOBAL ENTERPRISES LIMITED,** having CIN L15200KA1998PLC023489 and having registered office at HCG Tower, No.8, P. Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru - 560027 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA) MCA), or any such other Statutory Authority.

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Suresh Chandra Senapaty	00018711	29-05-2015
2.	Mr. Sudhakar Rao	00267211	25-02-2015
3.	Mr. Shanker Annaswamy	00449634	25-02-2015
4.	Mr. Gangadhara Ganapati	00489200	21-12-2005
5.	Mr. Ramesh S Bilimagga	00518434	10-11-2016
6.	Mr. Basavalinga Ajaikumar Sadasivaiah	00713779	07-03-2000
7.	Mr. Amit Varma	02241746	10-11-2016
8.	Mr. Sampath Thattai Ramesh	03522398	29-05-2015
9.	Ms. Bhushani Kumar	07195076	29-05-2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V Sreedharan and Associates**

Sd/-
V. Sreedharan
Partner
FCS: 2347; CP No. 833

Bengaluru
July 27, 2020
UDIN: F002347B000506983

Management Discussion & Analysis

The following discussion of our financial performance 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 operations and financials 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 Statement of the group.

Healthcare Market

Indian Healthcare sector has become one of the largest sectors both in terms of revenue and employment generated. The sector comprises of hospitals, nursing homes, medical devices and equipment providers, labs and pharmacy operators, clinical trials and research firms, medical value travel providers, health insurance companies and new-age technology providers in form of telemedicine, electronic medical records, artificial intelligence based solutions etc. and lakhs of trained doctors, nurses, paramedical, support and administrative workforce. The healthcare sector has been experiencing growth due to growing needs of the population and the sector's increased coverage, services and increasing expenditure towards infrastructure by public as well private players.

The healthcare delivery system in India is categorised into two major components - public and private. The public healthcare system is essentially managed by the government and comprises of limited secondary and tertiary care institutions in key cities along with basic healthcare facilities in the form of primary healthcare centres (PHCs) in rural areas. On the other hand, the private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros and growing presence across tier I and tier II cities.

Also India is one of the most cost competitive quality healthcare provider compared to its peers in Asia and Western countries and the cost of surgery and procedures in India is about one-third to one-tenth of that in the US or Western Europe. In terms of quality and accessibility of healthcare India ranks 145th among 195 countries. There is immense scope for enhancing healthcare services penetration in India, thus presenting ample opportunity for development of the healthcare industry.

Indian healthcare sector is projected to grow at a CAGR of 22% during 2016-2022 to reach $372 billion in 2022 from $110 billion in 2016.[1] This growth will primarily be driven by factors such as growing health awareness, increasing per-capita income, increasing penetration of health insurance, increasing instances of lifestyle diseases and an ageing population. Additionally, technological advancements such as continuing development of mobile technology which will enhance the delivery of healthcare through telemedicine; making it affordable and will attract more patients as the treatment for major surgeries in India costs less than the cost in a developed country.

Moreover, supportive government policies and initiatives encouraging FDI, tax benefits, coupled with promising growth prospects will help the industry attract private equity, venture capitals and foreign players investment.

Indian healthcare is largely dominated by the private sector. Given the enormity of capital requirement and constrained public funding, there is a significant need for private capital to bridge the funding gap. Private capital is now coming from different source including existing hospital chains, business houses, local doctors/entrepreneurs, international strategic players and PE investors. The private sector has emerged as a vibrant force in India's healthcare industry.

Majority of the secondary, tertiary and quaternary healthcare institutions are run by the private sector. The sector is expected to continue growing backed by large investments by private sector players that will contribute not only in stimulation of economic growth but also to generate employment.

Investment in the healthcare industry has been rising globally owing to several immutable long-term trends: an aging global population, a rising incidence of chronic diseases, an expanding demand for quality services and healthcare as a safe haven. Also, due to the recent outbreak of Covid-19, the sector is expected to experience further growth from public as well as private players.

Especially, in India, there are several dedicated private capital investors deploying substantial capital across services, health-tech and other relevant areas, few public market investors have also created healthcare focused funds to participate in this industry. With the emerging trends of investment and consolidation in healthcare, the sector will experience strong growth.

[1]ASSOCHAM-RNCOS

Recent Government Policies on Indian Healthcare Sector

The government of India has made tremendous capital investment for advanced diagnostic facilities for its citizens. Pradhan Mantri Jan Arogya Yojana (PMJAY) was launched in September 2018, aiming to provide health insurance worth ₹5,00,000 (US$ 7,124.54) to over 100 million families every year, and is already implemented in several states.

Under the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY), nearly 1.5 lakh[2] primary health centers will be transformed as health and wellness centers by 2022. These centers will be equipped to provide treatment and care for several diseases such as high blood pressure, diabetes, cancer, and old age-related illnesses. The program has been allocated ₹6,429 core (US$ 919.87 million)[3] under Union Budget 2020-21.

The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was allocated ₹3,000 crore (US$ 429.25 million) under Union Budget 2020-21. Also, ₹ 65,012 crore (US$ 9.30 billion) and ₹2,100 crore (US$ 300.47 million) has been allocated to the Ministry of Health and Family Welfare and the Department of Health Research, respectively.

The government's expenditure on the health sector has grown to 1.6% of the GDP in FY 2019-20 from 1.3% in FY16. The government has a target to increase its public health spending to 2.5% of the country's GDP by FY 2024-25. And healthcare's share of GDP is expected to rise by 19.7% by 2027.

Digital transformation of healthcare sector

The governing board of National Health Authority (NHA) has approved the integration of existing public health schemes with Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY). Under the new structure, all government health programmes such as the flagship Ayushman Bharat and tuberculosis treatment scheme will be integrated with the National Digital Health Mission (NDHM), and beneficiaries will be issued unique health IDs to avail these healthcare programs.

With an investment of ₹ 144 crores, the NDHM will be led by the NHA with an aim to create a digital healthcare ecosystem. The database will incorporate digital health IDs, unique identifiers for doctors and health facilities and include personal health records of patients.

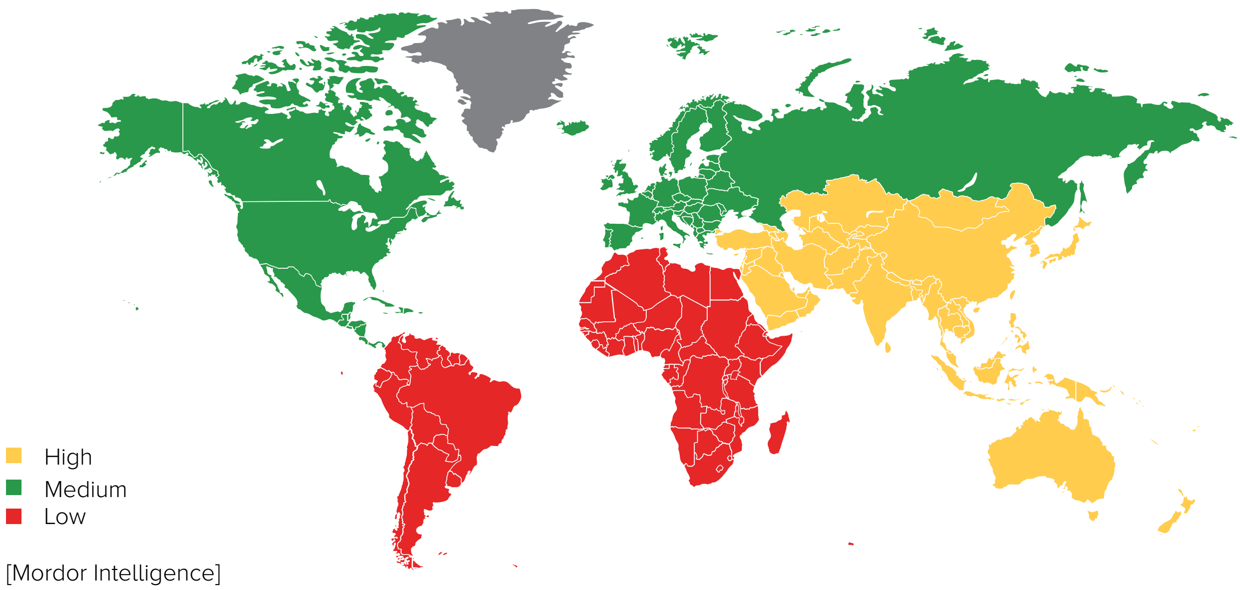
The centralized healthcare system is also anticipated to promote development of healthcare facilities and enhance demand for better services. Further, interoperability of both schemes will be highly beneficial for patients from remote areas with limited access to healthcare facilities. The portability of PM-JAY is also anticipated to be a boon for a large section of the Indian population. The mission, in its first phase, will be piloted in Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, Ladakh and Puducherry. This initiative would result in the creation of a common, national health ecosystem.

Oncology

Global Overview

The rapid spread of cancer may result in the disease emerging into the single most hurdle to tackle public healthcare burden in the coming years. The pressure is therefore intensifying to

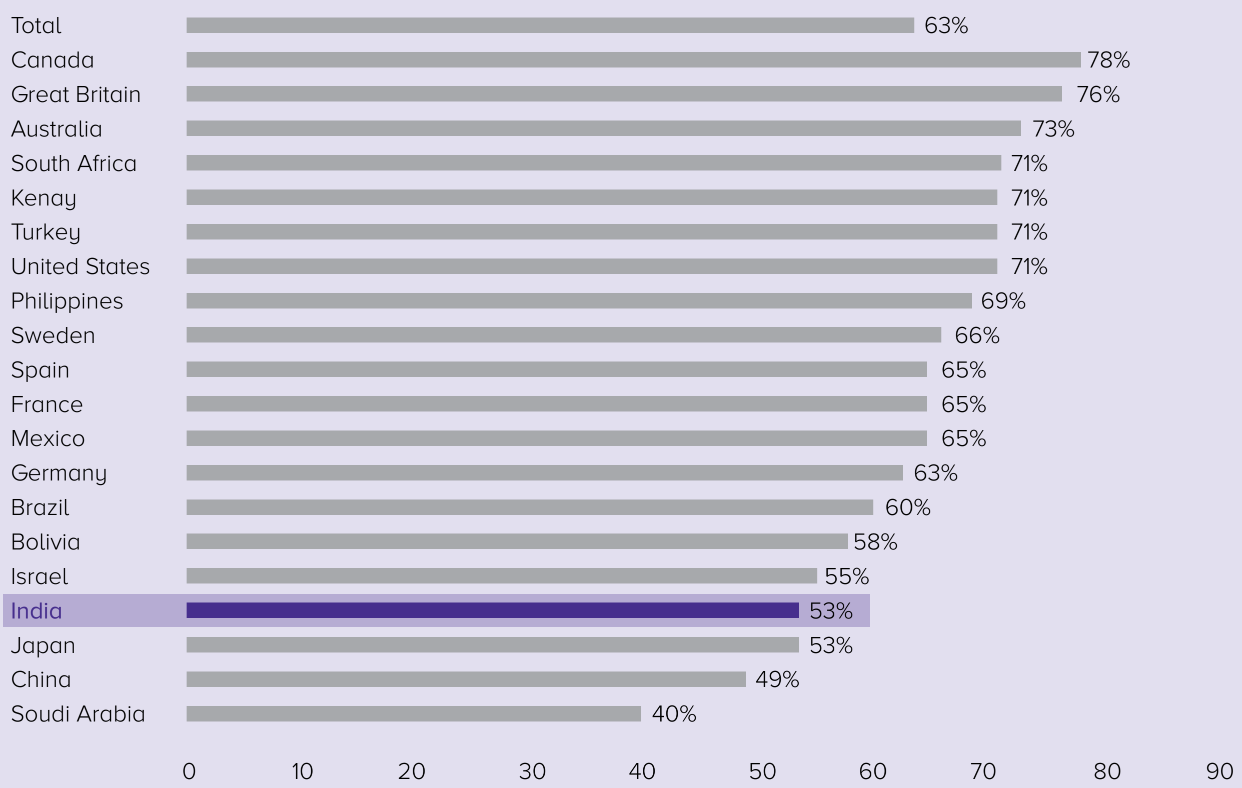
Cancer Therapy Market Growth Rate by Region



[Mordor Intelligence]

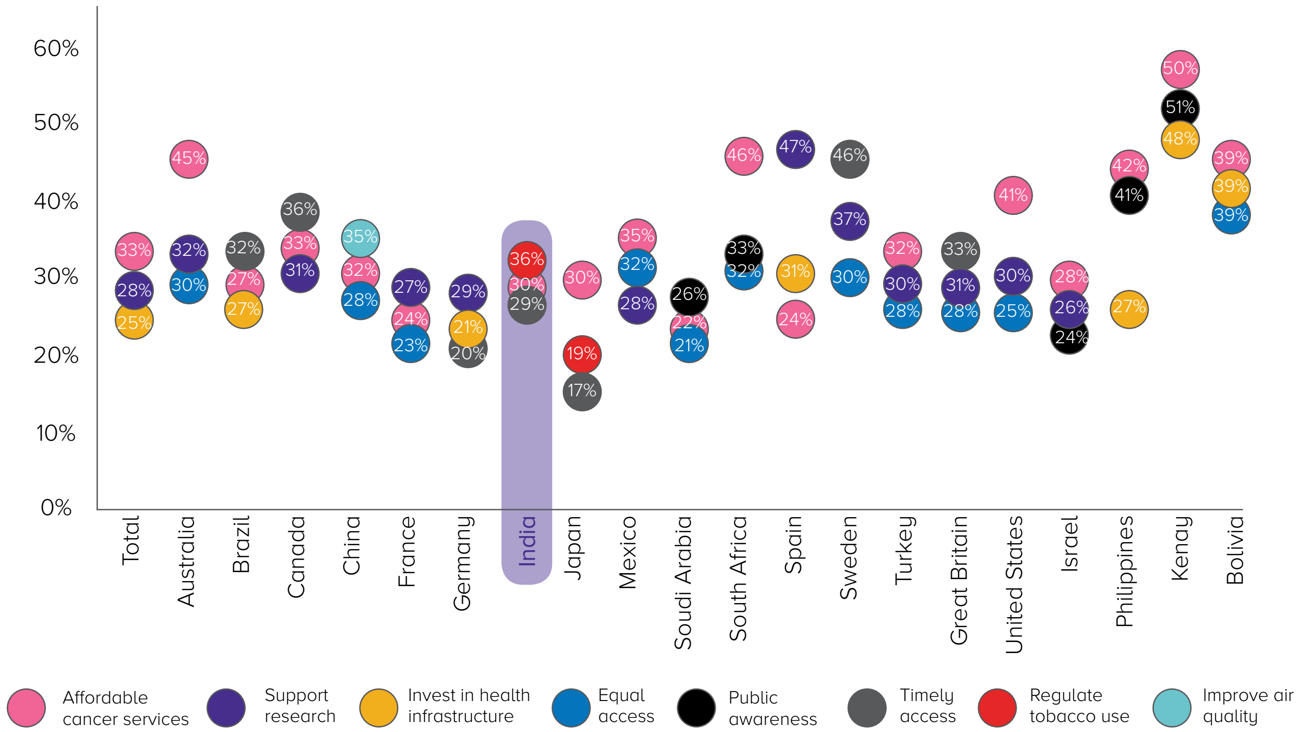
[2]Times of India
[3]https://www.ibef.org/industry/healthcare-presentation
[4]https://www.globenewswire.com/news-release/2020/01/24/1974826/0/en/Global-Cancer-Therapies-Industry.html
[5]FDA reports
[6]Research and Markets

People’s belief that tobacco use is a cancer risk factor, by country



Base: 15,427 adults across 20 countries

People’s views on the most important government actions with respect to cancer



research and develop newer and more effective therapies and treatment as well as models that meet the diverse requirements of delivering high quality care and outcomes in an affordable way. The entire global healthcare sector is constantly working towards finding improved treatment options, towards a better quality of life and longevity for patients.

There is an urgent need for developing newer ways to target cancer's diversity and evolution. The key factors that are responsible for the growth of the oncology/cancer drugs market are surge in cancer research, rise in geriatric population worldwide, and increase in number of collaborations between pharmaceutical companies. In addition, rise in healthcare expenditure worldwide is expected to boost the market expansion.

Going forward, targeted therapies will witness huge gains for their better prognosis. Targeted therapies revolve around identifying major pathways responsible for the disease and its progression and administering specific drugs targeting these pathways. Targeted therapies have lower side effects and are more effective than conventional therapies.

The United States and Europe represent large markets worldwide with a combined share of 68%[4] of the healthcare market. China ranks as the fastest growing market with a CAGR of 11.2% owing to the massive strides taken by the country in developing affordable next-generation therapies. An exciting future with new discoveries currently awaits cancer therapies through 2025 despite all the challenges involved.

The U.S. Food and Drug Administration granted accelerated approval to a new paradigm in the development of cancer drugs that are 'tissue agnostic'.

Another globally accepted treatment is immunotherapeutic drugs, which are targeted therapeutics that have high specificity for cancer cells. Cancer immunotherapy drugs have captured nearly 50% of the overall oncology drugs market and generated about $75 billion in 2019. They are forecasted to surpass $115 billion in 2023.[6] It is also projected to become the oncology treatment of choice by 2026 with an estimated 60% of previously treated cancer patients likely to adopt immunotherapy. Multiple treatment lines, combination therapy and the opportunity for repeat treatment are likely to be the key drivers of fast growth.

The rising incidence and prevalence of numerous cancers globally is the reason why every economy in the world is contributing to the innovation of new and improved treatments. The cancer therapeutics space was worth over $100 billion by December 2019.

India Outlook

According to a World Cancer Report by World Health Organization, India had an estimated ~1.16 million new cancer cases in 2018. The finding of the report also estimated that that one in 10 Indians will develop cancer during their lifetime and one in 15 will die of the disease. Cancer is the second leading cause of death in India.

Of the total cases, the six most common types of cancer cases in India were for breast cancer (162,500 cases), oral cancer (120,000 cases), cervical cancer (97,000 cases), lung cancer (68,000 cases), stomach cancer (57,000 cases), and colorectal cancer (57,000). Together, these account for 49% of all new cancer cases.

Availability of LINACs

Region /Country	Number of LINACs(2015)	LINACs per MillionPopulation	Cancer Prevalence perLINAC	Cancer Incidence perLINAC
US	3,818	11.9	1,572	419
UK	323	5.0	3,096	929
China	986	0.7	6,288	3,144
India	**342**	**0.3**	**7,310**	**3,216**

Outlook for Treatment Landscape[1]

Demand for CCCs

2014 200-250

2020 450-500

Demand for LINACs

2015 342

2020 750-900

2020* ~2,000

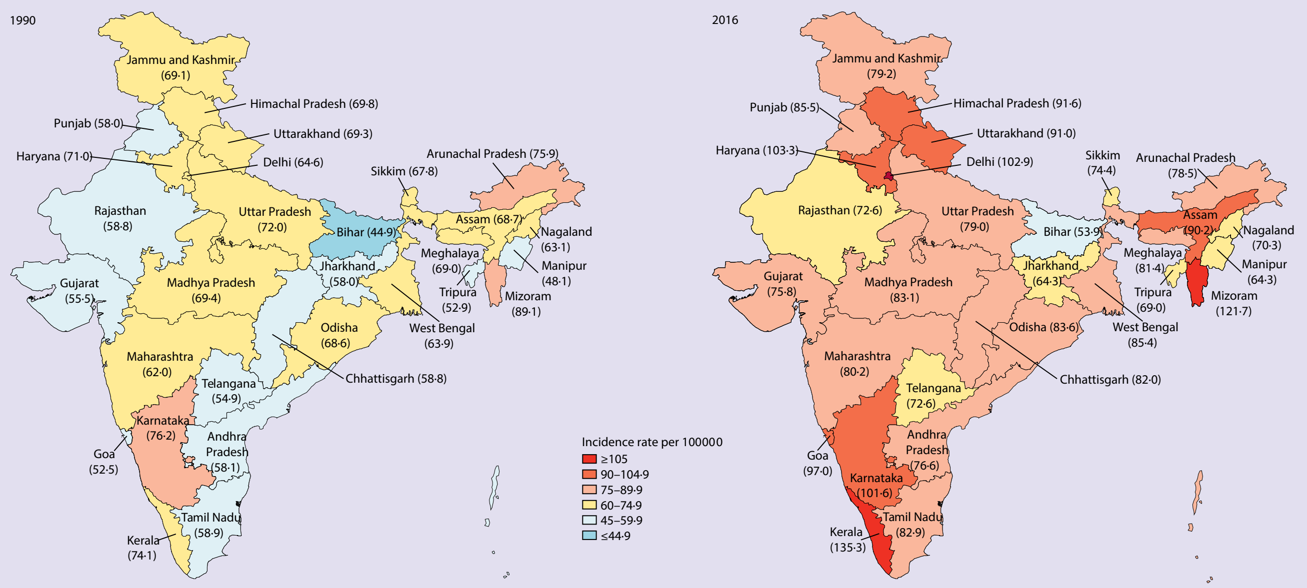
Chemotherapy Cycles (millions)

2015 1.4-2.0

2020 2.3-3.5

*In the absence of affordability and availability constraints

Crude annual incidence rate of all cancers together in the states of India, 1990 and 2016



Different types of cancers in India, 1990–2016

Types of cancers, 1990	Types of cancers, 2016
1 Cervical cancer	1 Breast cancer
2 Stomach cancer	2 Lip and oral cavity cancer
3 Lip and oral cavity cancer	3 Cervical cancer
4 Breast cancer	4 Stomach cancer
5 Pharynx cancer other than nasopharynx	5 Lung cancer
6 Lung cancer	6 Pharynx cancer other than nasopharynx
7 Colon and rectum cancer	7 Colon and rectum cancer
8 Oesophageal cancer	8 Oesophageal cancer
9 Leukaemia	9 Leukaemia
10 Larynx cancer	10 Prostate cancer
11 Brain and nervous system cancer	11 Larynx cancer
12 Non-melanoma skin cancer	12 Liver cancer
13 Pancreatic cancer	13 Gallbladder and biliary tract cancer
14 Gallbladder and biliary tract cancer	14 Ovarian cancer
15 Liver cancer	15 Non-Hodgkin lymphoma
16 Non-Hodgkin lymphoma	16 Brain and nervous system cancer
17 Prostate cancer	17 Pancreatic cancer
18 Ovarian cancer	18 Non-melanoma skin cancer
19 Hodgkin's lymphoma	19 Thyroid cancer
20 Nasopharynx cancer	20 Bladder cancer
21 Thyroid cance	21 Uterine cancer
22 Bladder cancer	22 Kidney cancer
23 Uterine cancer	23 Nasopharynx cancer
24 Kidney cancer	24 Multiple myeloma
25 Multiple myeloma	25 Hodgkin's lymphoma
26 Testicular cancer	26 Malignant skin melanoma
27 Mesothelioma	27 Testicular cancer
28 Malignant skin melanoma	28 Mesothelioma

Source: Lancet Oncology Journal

A compelling reason for cancer investment even in low and middle-income states is that, without accessible treatment capacity, patients and families will try to find funds to cover the costs. But the results are often as debilitating to finances as the disease can be to the body. In China, even after insurance pay-outs, cancer poses "an unmanageable financial burden" for 78% of families; in Vietnam, more than half of patients need to use up half of total household income to fund treatment; in India, 40% of patients have to borrow or sell assets to afford care

In the last two decades, India has been one of the world's best performing emerging economy, which has grown by more ~7% annually in most years. This development of the economy has given rise to multiple socioeconomic changes, with an increasing risk of non-communicable diseases, including cancer, and significant disparities in access to cancer prevention and control services.

According to the WHO report, global cancer rates could rise by 60% over the next 20 years unless cancer care is ramped up in low and middle-income countries. The middle-income countries offer less than 15% of comprehensive cancer treatment services through their public health systems. India would be no different in this aspect.

The patterns of cancer are dominated by a high burden of tobacco-related head and neck cancers, particularly oral cancer, in men and of cervical cancer in women in India. These cancer types are associated with lower socioeconomic status. Moreover, the burden of cancer types, such as breast cancer and colorectal cancer, associated with overweight and obesity, lower levels of physical activity, and sedentary lifestyles is increasing and these cancer types are associated with higher socioeconomic status.

Around 80% of the world's smokers live in low and middle-income countries. In addition to this, 64% of the world's daily smokers live in only 10 countries and more than 50% of the world's male smokers live in three countries: China, India, and Indonesia. In India, currently there are 164 million users of smokeless tobacco, 69 million smokers, and 42 million smokers and chewers. Of the total cancer patients, more than 90% of the patients with oral cancer have low or lower-middle socioeconomic status. Moreover, tobacco-related cancers account for 34–69% of all cancers in men, and constitute 10–27% of all cancers in women in most regions in India.

Key Drivers of Cancer Incidence

As per National Health Profile 2019 data, common cancer cases have increased significantly between 2017 and 2018, which are mainly from the lifestyle habits with the likes of smoking, drinking, lack of exercise, unhealthy eating and use of tobacco in any form of smoking, sniffing or chewing. Another main reason for rising cancer is the increasing lifespan, and it has also been found out that about two-third of the increase is due to longevity.

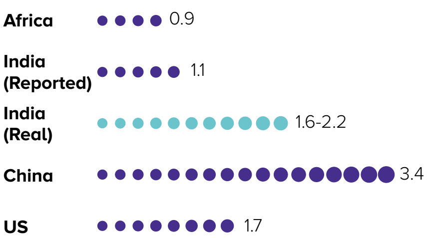
The Cancer Treatment Cost in India mainly depends on the type of cancer, treatment options, etc where if the treatment cost is compared with other developing countries, then India is the most reasonable country in terms of offering reasonable cancer treatment packages.

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.

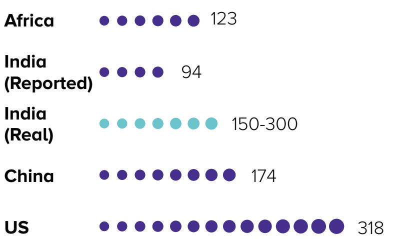
Additionally, the profile of cancers in the country are also changing, and are becoming similar to that seen in more urbanised and higher income societies. According to GLOBOCAN 2018 data, there were 11,57,294 new cancer cases in India in both men and women, with 7,84,821 deaths and 22,58,208 people living with cancer (within 5 years of diagnosis). The top 5 cancer that affect Indian population are Breast, Oral, Cervical, Gastric and Lung cancers, where Breast Cancer is one of the leading diseases in India and along with that Oral cancer is also a major concern as out of 3 lakh cases detected annually, where 86% are from India only. The main risk to develop oral cancer is through consumption of tobacco and alcohol.

Incidence of Cancer Across Countries

Estimated incidence of cancer in 2015 (mns)



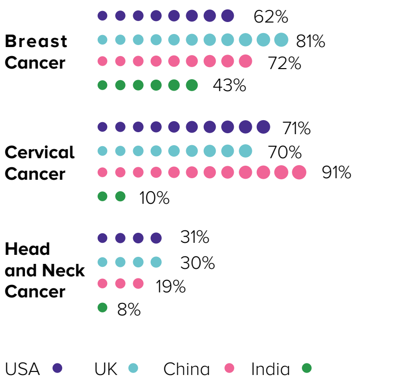
ASR-W* (per '00,000)



*ASR-W is a weighted mean of the age-specific incidence rates . The weights are taken from the population distribution of the 'World Standard Population' defined by WHO, and the estimated incidence rate is expressed per 100,000 population for comparisons between different geographies, as age is a key determinant of cancer incidence; 3 Age Group 40-69 years; 4 Breast screening mammograms once in 24 months

Under Diagnosis of Cancer in India

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



Fertility

With 1.3 billion people, India is the world's second most populous country. As per the United Nations, the country will outnumber china (1.4 billion) in population after 2022. The only hindrance to this is that, young Indians are unable to procreate. As per the UN, the fertility rate of Indians has declined significantly by more than 50% from 4.97 to 2.22[7] and is further expected to decline to 2.1 by CY 2025-30 and to 1.86 by CY 2045-50[8]. But the fertility rate of 2.2 is generally considered as the fertility replacement level. If the fertility rate goes below this number the population rate will definitely decline.

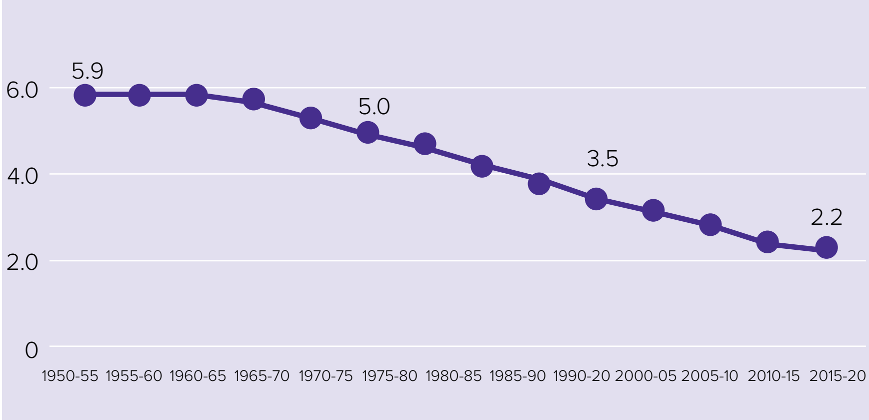
Over the last few years, Infertility has emerged as one of the most common health issues that many young couples have been facing. According to many clinicians and health experts, sedentary lifestyles with minimum physical activity, rising stress level and irregular sleep pattern are few of the reasons that are causing infertility, thus forcing them to opt for artificial ways of conceiving. Infertility at present, affects about 10% to 14% of the Indian population, with higher rates in urban areas where one out of six couples is impacted, according to the Indian Society of Assisted Reproduction. About 27.5 million couples are known to actively trying to conceive suffer from infertility in the country. The outcome of infertility will have its effect on different aspects of the life of the individual and nation.

To treat infertility primarily there are two methods Intrauterine Insemination (IUI) and In-Vitro Fertilization (IVF). In vitro fertilization (IVF) process involves fertilization of egg cells by sperm outside the body, in a laboratory dish, and then implanting it in a woman's uterus. It is a type of assisted reproductive technology which is used to treat fertility or genetic problems to assists with the conception of child.

Some of the main reasons of an increase in infertility

- Rapid urbanization
- Hormonal changes (especially in prolactin levels, which are found in many infertility cases)
- Job pressures
- Vehicular pollution
- Postponing parenthood

Total fertility rate (Live births per woman)



Due to low awareness toward this technique in the society, IVF market in India is significantly underpenetrated relative to the potential demand. Despite this, the India IVF services market is projected to reach $1.453 billion[9] by 2026, registering a CAGR of 14.7% during 2018-26. Moreover, rise in the prevalence due to increase in risk factors, such as obesity, stress, polycystic ovarian syndrome (PCOS), sexually transmitted infections, endometrial tuberculosis, and other medical conditions, are expected to bolster market growth.

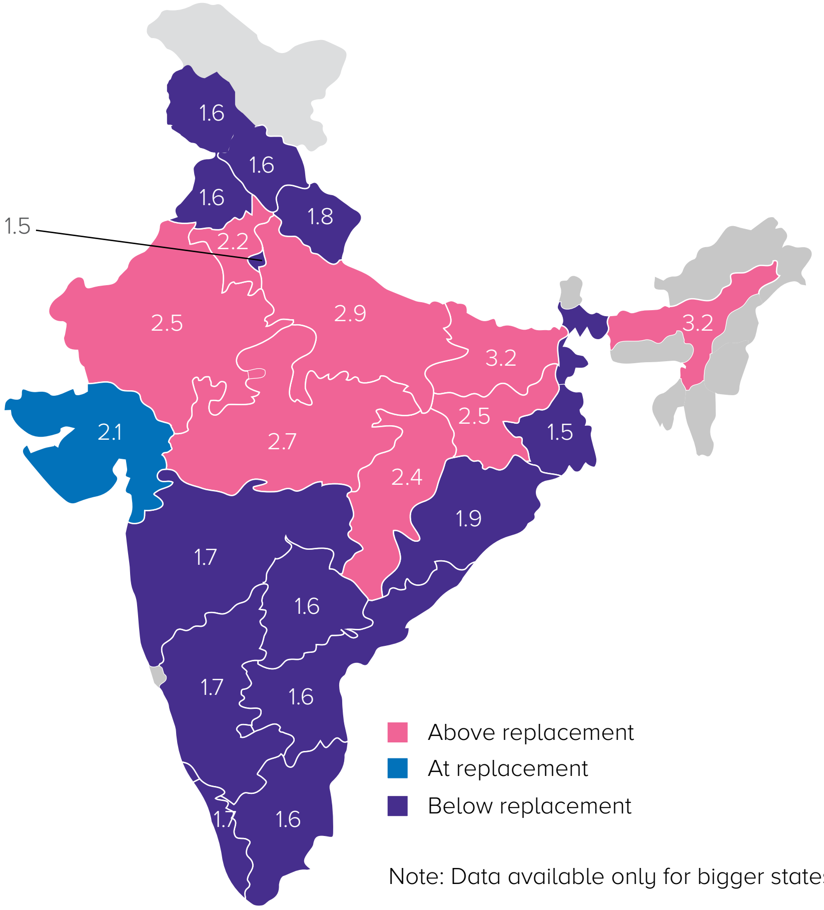
Today, with the advancement of science and technology, Assisted Reproductive Technology (ART) has made great strides in the forty years since the birth of the first IVF baby. Other than treating female infertility cases, advanced ART techniques such as Magnetic Activated Cell Sorting (MACS), intracytoplasmic sperm injection (ICSI), and DNA Fragmentation Index (DFI) testing can also help with Male infertility cases.

[7]https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=IN
[8]Infertility: An Alarming Situation in India Report by International Journal of Scientific & Technology Research
[9]Allied Market Research

Age and Education affects fertility levels

Total Fertility Rate (TFR) indicates the average number of children to be born per woman during her reproductive period. Women's age and education are extremely important factors that have impacted fertility levels in the country. Fertility in all age groups (reproductive age group of 15-49 years) is higher in rural than in urban areas. It reaches the peak in the age group of 25-29 and declines thereafter. Various studies also indicates that women who were graduates and above, TFR was 1.7. While for those educated up till Class 12 and below primary level education, TFR is 1.8 and 2.9 respectively. With increase in education level, TFR witness a gradual decline.

Overall fertility has dropped below replacement rate in about half the states



Note: Data available only for bigger states

Risk factors leading to high prevalence of infertility

1	**PCOS**	• PCOS incidence in India reported to range between ~4% to 23% • Mean global prevalence rate of 5% to 10%
2	**Endometrial Tuberculosis**	• Endometrial TB causes endometrial and tubal damage resulting in infertility • Prevalence is estimated to be ~18% among infertile women in reproductive age in India vis-à-vis 1% in the USA
3	**Obesity**	• Prevalence of obesity in men has increased from 17% (2010) to 20% (2014) • Increased from 11% (1998) to 25% (2014) in women
4	**Tobacco**	• Tobacco prevalence in India estimated at 17% • Approaching the levels of use in the UK (21%) and the US (19%)
5	**Alcohol**	• Overall alcohol consumption per capita increased from 3.6 liters in 2005 to 4.3 liters in 2010
6	**STD**	• High prevalence of STDs • Estimated to range between 10 - 34%

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 one of the largest private cancer care networks in India in terms of the total number of cancer treatment centers scale, presence as well as in terms of revenues and new patient registrations.

1989	1st cancer center in the HCG network was set up
2005	Entry into the clinical laboratory business through acquisition of Triesta (image logo to come)
2005	Operated 3 cancer centers; began expansion of the HCG network
2007	Acquired HCG Medi – Surge which operates a multi-speciality hospital in Ahmedabad (image logo to come)
2011	Awarded Oncology Leader of the Year by Frost & Sullivan
2013	Entry into fertility business through the acquisition of 50.1% in BACC Healthcare Pvt Ltd. We operate infertility treatment clinics providing comprehensive assisted reproductive services, under brand 'Milann'. (image logo to come)
2018	• India's largest provider of cancer care • Milann- ranked #1 nationally • Acquired cancer center in Nairobi, Kenya • Consummated business combination with Strand Life Science
Today	Largest Specialized healthcare Player with oncology, fertility and precision medicine leadership

Our Business

Oncology

HCG The Specialist in Cancer Care
adding life to years

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 31st, 2020, our HCG network consisted of 22 comprehensive cancer centers, including our center of excellence in Bengaluru, and 1 center in Africa. Each of our comprehensive cancer centers offers, at a single location, comprehensive cancer diagnosis and treatment services (including radiation, medical oncology and surgical treatments). Our freestanding diagnostic centers and our day care chemotherapy center offer diagnosis and medical oncology services, respectively.

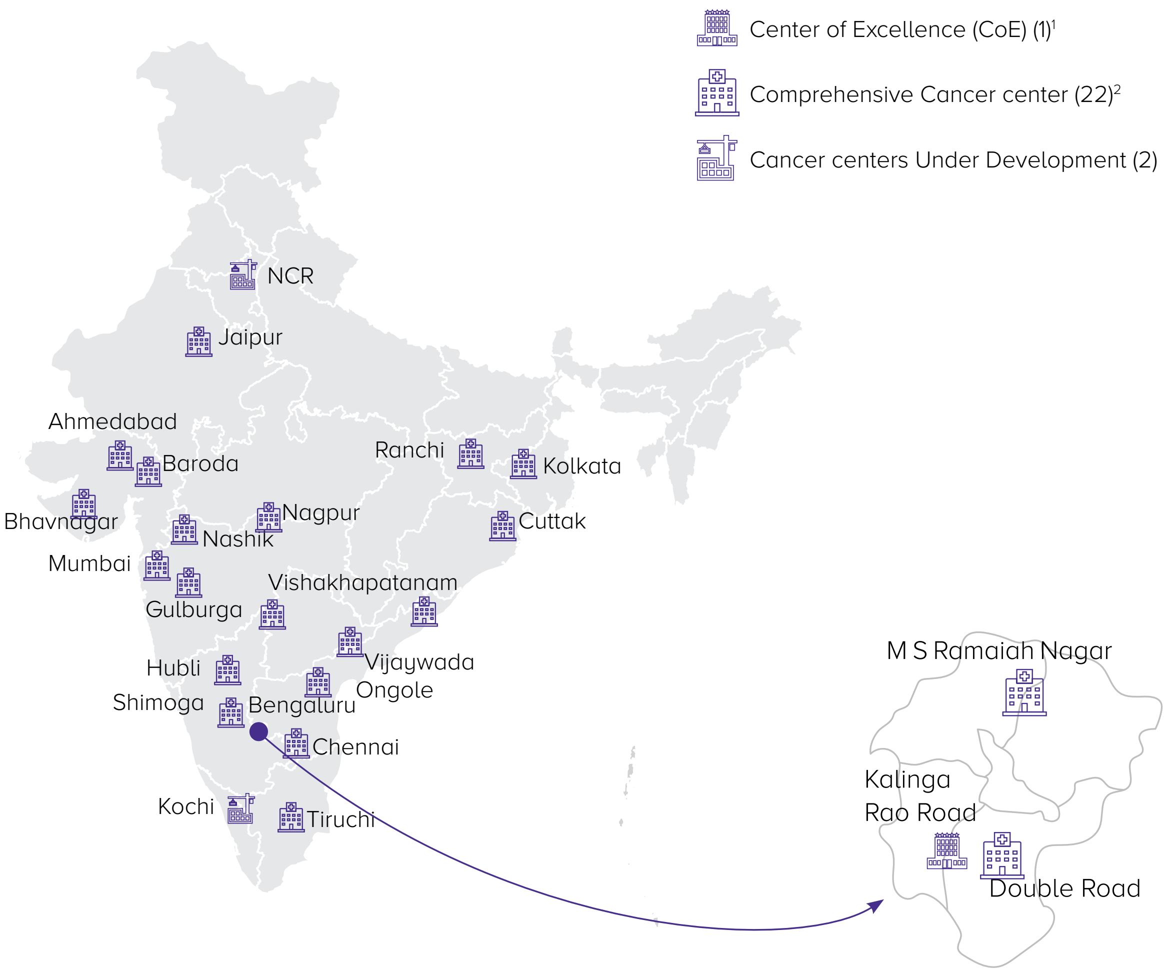
> Each of our comprehensive cancer centers offers, at a single location, comprehensive cancer diagnosis and treatment services (including radiation, medical oncology and surgical treatments).

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 believe that owing to the relationships we enjoy with such medical technology vendors and pharmaceutical and biotechnology companies and our involvement with them in the areas of research and development, we have been able to introduce in India and adopt across our HCG network the latest advances in technology relatively

HCG's Cancer Care Network in India

Network of Existing and Under Development Cancer Care centers



[1] Includes 2 centers, KR & DR; [2] As on 31st March 2020, includes COE, center in Kenya, Bhavnagar multispeciality also includes comprehensive cancer services hence included in CCC count

> 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.

early. For instance, we were among the first healthcare providers in India to standardise molecular diagnostics technologies, including genomic testing and molecular imaging, including 128 slice PET-CT scans in the diagnosis and staging of cancer, as well as to introduce high intensity flattening filter free mode radiotherapy, stereotactic

> Molecular diagnostics technologies, including genomic testing and molecular imaging, including 128 slice PET-CT scans in the diagnosis and staging of cancer

radiosurgery and robotic radiosurgery, in the treatment of cancer in India. We were also the first healthcare provider in India to perform computer assisted tumour navigation surgery. We believe this gives us a distinct advantage relative to our competitors in delivering high quality and standardised cancer care to our patients. 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.

> Targeted nuclear medicine therapies as well as advanced radiation treatments

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.

> Efficiently utilise our equipment, technologies and human resources, thereby deriving economies of scale.

We believe that our current model of providing speciality healthcare in India can be replicated in other underserved healthcare markets internationally. We have partnered with CDC to establish a network of speciality cancer centres in Africa, similar to our cancer care network in India. Pursuant to this partnership with CDC, we completed acquisition of Cancer Care Kenya, a leading dedicated cancer care center located in Nairobi in July' 2017. 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 centers in India.

Cancer Care Kenya Limited (CCK) a leading cancer centre in Nairobi, Kenya, which we acquired in FY2018, is ramping up well. CCK started operation in 2010 and is the first private comprehensive cancer centre in the country. 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. There are over 250,000 new cancer incidences each year in Eastern Africa – resulting in a huge and growing unmet need for advanced cancer care. Thousands of patients travel overseas for treatment, due to the lack of access to advanced cancer care. HCG has been treating patients from Africa in India for several years now, and have been enthused by the positive results and the strong response from the medical community in these countries. To ensure the best clinical outcomes and maintain continuity of care for medical tourism patients, we have successfully established advanced treatment options in the region through CCK and have made high quality cancer care accessible to patients across Africa.

Fertility

milann
The Fertility Specialists

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 has been Ranked No. 1 in India and first in the South India region continuously for 3 years in the fertility segment in the Times Health All India Critical Care Hospital Ranking Survey 2018. (Source: All India Critical Care Hospital Ranking Survey 2017, 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 centers under the Milann brand. During the previous year,right to shares for balance 49.90% has been acquired and we have received extension of time for making the payment till Oct'2020. We operate eight Milann fertility centers across Bengaluru, Delhi, Chandigarh and Ahmedabad as on March 31, 2020.

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 centers 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 centers aim to provide medical services following established protocols with a focus on quality medical care across diagnosis and treatment.

Precision Diagnostics

Strand Life Sciences Private Limited is an integrated speciality diagnostics company with end to end capabilities in precision medicine through proprietary analytics, clinical research, access to the HCG biorepository, genomic technologies, assay development and validation and a network of laboratories offering a broad menu of tests. HCG entered into a business transfer agreement, with Strand Life Sciences in January 2018, providing for a business combination of its Triesta Sciences business unit ("Triesta Sciences"), with Strand Life Sciences. Pursuant to the business transfer agreement, the Company has transferred its Triesta unit on slump sale basis for a consideration aggregating to 38.2 % stake in Strand Life Sciences. Strand is a Joint Venture of the Company.

Strand, established in 2000 as a spin-off from the Indian Institute of Science, is one of the pioneers in the bioinformatics space and leader in genomic testing for cancer and inherited diseases in India. Strand has over 200 engineers and scientists and provides cutting-edge diagnostic solutions and its customers include leading global life science and technology companies, research labs, as well as oncologists, paediatric specialists, geneticists and hospitals.

Triesta Sciences, which, prior to the business transfer, operated as the diagnostic unit of the Company and offers a one- stop solution for oncology diagnostics, Genomics (Next Generation sequencing based diagnostics), biomarker and translational research, laboratory services, and clinical research services for several hospitals across India with a focus on innovation, quality and accuracy for better diagnosis and prognosis of Cancer.

Strand is a leader in offering bioinformatics solutions and offers proprietary data analytical engines for research and clinical applications for genomic testing. Strand also provides 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, rare diseases and reproductive health and its offerings include molecular diagnostic services and genomic testing. Strand central reference laboratory is located in Bengaluru and is accredited by NABL in India, as well as by CAP for quality assurance of laboratory tests performed. Additionally, Strand offers research and development services to pharmaceutical and biotechnology companies in the areas of clinical trial management and biomarker discovery and validation and is led by a team of specialist onychopathologies, molecular biologists and clinical researchers.

The bioinformatics vertical of Strand covers the entire range of high-throughput data, including Microarrays, Mass Spectrometry, Next-Generation Sequencing, Microscopy etc. and has over ~24,000 citations in research publications for tools built by Strand.

As part of clinical diagnostics, Strand offers precision tests like Rare disease Diagnosis, Inherited Cancer Risk Analysis, Tumour Mutation Analysis for Precision Treatment, Liquid Biopsy Analysis for Precision Treatment, Response Monitoring, and Early Detection of Relapse, in addition to an entire gambit of traditional tests. The Precision Medicine Laboratory is the first NGS CAP Lab in South Asia and scored 100% in Proficiency Testing for both Germline cancer risk and Somatic tumour profiling while other labs, most in the US and Europe, ranged from 85-100%.

The specialised diagnostics market is one of the fastest growing segments within the Indian diagnostic industry and is expected to be over US$ 700 million by 2020. We believe that Strand is well-positioned to leverage the opportunities in bioinformatics, clinical reference laboratory services and research services on account of its strong capabilities and business strengths.

In December 2018, Strand acquired the India medical diagnostics business of Quest Diagnostics, the world's leading provider of diagnostic information services. With this acquisition, Strand gains North India presence and marquee clientele that includes leading hospital chains, corporates and pharmaceutical clients to their portfolio and moves forward towards becoming India's leading specialized diagnostics company with offerings across oncology, genomics, and precision medicine. In FY20, software tools built by Strand were cited in >1100 new peer reviewed publications. Also the largest retrospective analysis of multi-gene sequencing for the diagnosis of neurological disorders in India was published in the Journal of Neurology. Preliminary encouraging results were obtained from proof of concept study using saliva to detect oral cancer non invasively.

Multispeciality

HCG operates four multi-speciality hospitals, three under "HCG" brand in Ahmedabad, Bhavnagar and Rajkot, all in the state of Gujarat and one under Operations and Management contract in Hubli in the state of Karnataka.

HCG Multispeciality in Ahmedabad, Bhavnagar and Rajkot are tertiary care hospitals with 118, 39 and 120 beds respectively, as of 31 March 2020. These hospitals provide comprehensive inpatient and outpatient treatments. Their key specialties include cardiology, neurology, orthopaedics, gastroenterology, urology, internal medicine and pulmonary and critical care. Suchirayu Health Care Solutions Limited, in Hubli, managed by us, is a multi-speciality tertiary hospital. With 110 operational beds and capacity to go to 250 beds, the hospital offers state of the art facilities and infrastructure in the region. We own 18% stake in Suchirayu Health Care Solutions which is the entity that owns the hospital infrastructure and assets, acquired for a nominal amount.

Extension of Jaipur cancer center, co-located to offer some Multispeciality services is being re-evaluated currently, we do not foresee any further Multispeciality hospitals to be added to our network in the future.

Hospital Network

Existing HCG cancer centers in India

As of March 31, 2020, we operate a network of 22 comprehensive cancer centers across nine states in India and 1 center in Nairobi, Kenya. All of these centers are owned and operated by the Company, with some of the centers in joint-venture with oncologists or healthcare groups where majority ownership is with the Company. The following table sets out our existing comprehensive cancer centers 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[10]
Shimoga[1]	2003	52	1	3	-	Yes[11]
Bengaluru - Kalinga Rao Road[2]	2006	225	3[7]	7	2	Yes[10]
Bengaluru - MS Ramaiah Nagar	2007	22	1	1	1	Yes[11]
Hubli	2008	70	1	2	1	Yes[11]
Gulbarga	2016	85	1	3	-	Yes[10]
Gujarat Cluster						
Ahmedabad[1]	2012	101	2	4	1	Yes[10]
Baroda[1]	2016	69	1	3	1	Yes
Bhavnagar Oncology	2018	-[12]	1	3	-	Yes
East India Cluster						
Ranchi	2008	84	1	2	-	Yes
Cuttack	2008	116	2	3	1	Yes[10]
Kolkata[1]	2019	88	1	2	1[4]	Yes[10]
Maharashtra Cluster						
Nasik[1]	2007	77	1	3	1	Yes
Borivali[1]	2017	104	1	5	1	Yes[10]
Nagpur[1]	2017	115	1	4	1	Yes[10]
South Mumbai	2019	32	2[7]	2	1	Yes[10]
Nashik Phase II[1]	2018	75	2	5	-	Yes
Andhra Pradesh Cluster						
Vijaywada	2009	70[5]	2	4	-	Yes[10]
Ongole	2012	19[6]	1	2	-	Yes
Vishakhapatnam	2016	88	1	2	1	Yes[10]
Others						
Chennai	2012	35	1	-[9]	-	Yes[11]
Jaipur	2018	45	1	3	1	Yes[10]

Notes

1. Operated through our Subsidiary.
2. Our comprehensive cancer center located at Kalinga Rao Road in Bengaluru is our center of excellence.
3. Number of beds includes ICU beds (as applicable).
4. We utilize PET-CT of our partner.
5. In addition, we have 120 self-care beds at our center in Vijaywada.
6. In addition, we have 61 self-care beds at our center at Ongole.
7. Includes a WBRRS system and Cyber Knife.
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. Laboratory services are provided by our Investee company Strand Life Sciences.
11. Laboratory services are provided by our partner.
12. The overall bed capacity of the hospital is 73 beds.

As of March 31, 2020, we also had three freestanding diagnostic centers, of which one is located in Chennai and one each in Mangalore and Vijaywada, respectively. Our freestanding diagnostic centers are equipped with PET-CT scanners and provide radiology and diagnostic services. We established some of these centers under partnership arrangements. Our hospital in Kolkata commenced launch of operations as comprehensive cancer center including Bone-Marrow Transplant (BMT) facilities. This is one of the only private comprehensive cancer care in the region and provides access to high quality care to a large population who were otherwise travelling long distances for accessing cancer care

South Mumbai hospital was also fully operationalised in the year, offering comprehensive cancer care services. South Mumbai is one of the most advanced new cancer centers with substantial investment in radiation technology upfront. Not only does this center offer Radixact Tomotherapy, but we have also launched the 1st Cyberknife in Western and Central India (across Maharashtra, Goa, Gujarat, Madhya Pradesh) at this center, which is HCG's 2nd Cyberknife overall across the network. Thus the new hospitals launched and operationalised in FY20 provide advanced and high-quality care targeting higher-economic segment located in attractive micro-markets within the large metro cities of Kolkata and Mumbai.

HCG cancer centers under development in India

New Centers

As on the date of this report we are in the process of establishing 2 new comprehensive cancer centers in India, which are under development. We expect these centers to commence operation by end of calendar year 2021 and 2022.

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

Location of the comprehensive cancer center	Facilities and Services				
	Number of Beds	Number of RT- LINACs	Number of Operation Theatres3	Number of PET-CT Scanners	Laboratory
Kochi	100	1	5	1	Yes
Gurgaon	85	1	3	1	Yes

Milann Centers

The following table sets out our existing Milann fertility centers as of March 31, 2020 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	√	√	√	-
Ahmedabad	2018	6	√	√	√	-
Whitefield, Bengaluru	2018	6	√	-	√	-

Milann new center in Whitefield launched to strengthen presence and market share in Bengaluru region achieved break-even and continued to ramp-up. Milann center in Ahmedabad was restructured for strategic reasons

Risks & Concerns:

Risks are integral part of any enterprise. Efficient management of business risks is a key factor that determines growth, profitability and at times, even survival. In the last few years, the healthcare industry in India has been witnessing increased consolidation even among the larger players. Further, Government intervention, by way of an active regulatory regime, be it in terms of price control or capping of margins on medicines has been stepped up. State and Central Healthcare coverage schemes are also impacting industry margins. The risks that might impact our business, prospects, financial condition and results of operations, inter-alia includes:

a) Our results of operations in any given period can be influenced by a number of factors, many of which are outside of our control and may be difficult to predict, including political and economic conditions, the timing of opening and the number of new centres, changes in the competitive landscape in which we operate, government policies which may affect the pricing of our medical services, the operation of medical equipments, the licensing and operation of our centres and hospitals and the licensing of our medical staff, delays in executing our growth strategies due to a number of factors, delays in project execution resulting in significant time and cost overruns, delays or failure in receiving government approvals, unavailability of human and capital resources, or any other risks that we may or may not have foreseen etc.

b) The success of our business is dependent on our ability to maintain our relationships with our partners, to identify suitable partners and acquisitions targets and to undertake new partnership arrangements and acquisitions. We may be unable to continue to operate our centres and hospitals if there are any conflicts or disputes with our partners or if our partnership arrangements are not renewed at the end of their respective terms. Dr. Kamini Rao, who holds 49.90% equity interest in BACC Healthcare Private Limited (BACC), has exercised the put option with respect to her shareholding in BACC. While the Company is taking steps to address matters relating to leadership succession and transition in Milann, a non-timely implementation could adversely affect our business, financial condition and results and operations.

c) Our patients include patients who pay for their medical expenses themselves and patients who are beneficiaries of third-party payer agreements. If we do not receive payments on time from our payers, our financial condition, cash flows and results of operations may be materially and adversely affected. We make provisions for disallowances and doubtful trade receivables in our financial statements on account of the probability of not being able to collect the amounts billed to third party payers, based on our actual experience of disallowances and collection from each category of payers. Provisions for disallowances reduce our revenue from operations and provisions for doubtful trade receivables increase our expenses and thus reduce our profitability.

d) We face intense competition from other healthcare facilities. If we are unable to compete effectively, our business and results of operations may be materially and adversely affected. Our ability to effectively compete with our competitors is dependent on our ability to achieve high success rates in diagnosis and treatment and reduce risks and side effects in providing cancer care and fertility treatment, enhance the brand image and marketability of our “HCG” and “Milann” brands, increase new patient registrations across our HCG network, attract and retain specialist physicians, physicians and other skilled persons etc.

e) We are highly dependent on our promoters, key clinicians, partners and the members of our senior management team, including some who have been with us since the establishment of the first cancer centre in our HCG network, to manage our current operations and to meet future business challenges. The loss of the services of our senior management or key management personnel, including our senior specialist physicians and physicians, or if we are unable to find a suitable replacement for them, could seriously impair our ability to continue to manage and expand our business.

f) We may not realise the value of our goodwill or other intangible assets. We expect to engage in additional transactions that will result in our recognition of additional goodwill or other intangible assets. We evaluate on a regular basis whether events and circumstances have occurred that indicate that all or a portion of the carrying amount of goodwill or other intangible assets may no longer be recoverable, and is therefore impaired. Under the current accounting rules, any determination that impairment has occurred, would require us to write off the impaired portion of our goodwill or the unamortised portion of our intangible assets, resulting in a charge to our earnings. We have written off goodwill in the past, and any future write-off could have a material adverse effect on our financial condition and results of operations.

g) Currently, our Company conducts a portion of its operations through its subsidiaries. Further, a portion of our Company’s assets is held by, and a part of its earnings and cash flows is attributable to, our subsidiaries. If earnings from our subsidiaries were to decline, our Company’s earnings and cash flows would be materially and adversely affected. We cannot assure you that our subsidiaries will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to enable our Company to meet its obligations, pay interest and expenses or declare dividends.

h) We rely on the financing arrangements with various banks and financial institutions to bridge the gap between cash flow from operating activities and investing activities (including put options of the partners). We cannot assure that the banks and financial institutions would fund us as per the planned timelines, and this could adversely affect our results of operations and financial condition.

We have revitalised our Risk Management framework with a detailed exercise aimed at a better and updated understanding of all our operational, financial, regulatory and strategic risks. Please refer to the section on Enterprise Risk Management forming part of the Management Discussion and Analysis Report to read more on the Risk Management framework.

Financial and Operating Highlights

Overview

FY2019-20 has been one of the toughest years in history of HCG, which started with unexpected margin cap on oncology drugs by the government, which not only impacted our revenues and margins negatively, but also allows patients who have affordability and capability to pay, gaining unfair benefit out of these caps and taking away the flexibility of 'cross-subsidy' to the needy patients, which is paramount for hospitals like HCG to offer consistent quality across different socio-economic segments of the population. HCG adopted the following measures to mitigate the negative impact from these drug margin caps, to some extent:

1. Supply-chain management initiatives including centralization, reduction of inventory, logistics and other related costs
2. Changes in mix of drugs being carried as part of HCG formulary
3. Initiatives to enhance package rates with services offsetting some of the drug price/margin impact while ensuring the cost of treatment to the patient remains within reasonable levels

HCG is constantly looking at improving the efficiency of its procurement and supply-chain towards matching patient needs and affordability while ensuring optimum

At the end of the year, the world witnessed the biggest medical and economic distruption in recent history in form of COVID-19 pandemic breakout. HCG has also been impacted substantially by this, especially on account of fall in occupancies and procedures across hospitals. We witnessed substantial COVID impact on business operations across regions:

- Delay, postponement and/or cancellation of oncology, multi-specialty and fertility procedures
- Reduction in footfalls of patients in Outpatients Department (OPD) impacting consultations, treatments and future registration volumes
- Complete shutdown of international travel resulting in cancellation of planned treatments of international patients At the time of this report we were seeing recovery at some of the hospitals but there is continued uncertainty on business on account of the increasing cases and lockdowns being implemented from time to time across various regions where HCG has presence.

Overview of Key Regions

Karnataka Cluster

Number of centers in Karnataka remained as 7, with no new center launched or in development for this region. Strong adoption of daVinci technology continues at our center of excellence in Bangalore, with over 376 CK radiosurgery procedures completed in the year. The number of beds operated in the Karnataka cluster remained the same at end of FY 20 at 615 as compared to 632 beds in FY 19. Karnataka cluster strategy of focusing on procedure and payer mix enhancement has resulted in Revenues increased from 3490 million in FY 19 to 3645 million in FY 20. ARPOB increased by 4.7% to 36.442/ day on the back of change in payer mix in the current year. With completion of expansion on pan-India basis as well as improving ramp-up in other geographies, share of Karnataka region as a percentage of total revenues for HCG Centers (excluding Fertility) continues to reduce proportionately, and was at 36% in FY 20 as compared to 38% in FY 19.

Gujarat Cluster

During the year under review, Gujarat cluster had 5 operational centers and operated 508 beds. Rajkot center launched in FY19, had ramped up to achieve break-even in Q3-FY20. The Bhavnagar center which was expanded to provide radiation treatment and offers comprehensive cancer care services in FY19 achieve strong scaling-up with good profitability. Baroda center, launched in May 2016, has continued to grow well having achieved break-even last year. While the revenue of the cluster has shown an increase of 13.8% to 3,037 million, the ARPOB is at 35,367/ day. We continue to strengthen our position in state of Gujarat with share of revenues of HCG Centers from this cluster at 30% in FY 20 and we remain positive about this region.

Maharashtra

We had launched Phase II with addition of over 92 beds in Nashik in previous fiscal and is now arguably one of the largest private cancer care hospital in a non-metro region with advanced technology and comprehensive offerings. Our centers in Borivali in Mumbai and in Nagpur, both among the largest new centers launched in the last few years, are continuing to ramp up in volumes and revenues.

South Mumbai center was fully operationalised in FY20, and is one of the most advanced new cancer centers with substantial investment in radiation technology upfront. Not only does this center offer Radixact Tomotherapy, but we have also launched the 1st Cyberknife in Western and Central India (across Maharashtra, Goa, Gujarat, Madhya Pradesh) at this center, which is HCG's 2nd Cyberknife overall across the network. South Mumbai center is focused on advanced and high-quality care targeting higher-economic segment located in attractive micro-markets within Mumbai city.

Overall Maharashtra cluster clocked revenue of ₹ 1,390 million during FY20 as against revenue of ₹ 1,239 million in FY19.

Going forward, with a strength of about 368 beds across 4 centers in this region we are looking to dominate this region as one of the largest private oncology players in the state of Maharashtra. We continue to strengthen our position and scale, with share of revenues of HCG Centers from this cluster increasing from 9% in FY 18 to 14% in FY 20 and remain extremely positive about this region.

East India Cluster

Currently we have Cuttack and Ranchi as the two mature centers in the East India cluster. These centers have seen good traction and we closed the year with revenues of ₹ 826 million in FY 20 as compared to ₹ 642 million in FY 19 which is an increase of 28.7% over the last fiscal. This was primarily on account of increase in the clinical team and increased business promotion expenses to strengthen our position further in the geography as well as expansions. Our new center in Kolkata, which commenced OPD services in Q4-FY19 had commenced full-service offerings in FY 20. As a comprehensive cancer center, including offering of Bone-Marrow Transplant (BMT) procedures, this is one of the only private comprehensive cancer care centers in the region to provide access to high quality care to a large population who are travelling long distances (including to Delhi and other states) for accessing advanced cancer care.

Andhra Pradesh Cluster

During the year under review, Andhra Pradesh cluster had 3 operational centers and operated 177 beds. The Vishakhapatnam center continues to ramp up well and is emerging as a leading center in the region. The revenues of the cluster have shown an increase of 16.1% to 782 million. With consolidation of our operations with our partner in Vijayawada last year, the center has ramped-up with increased profitability. We continue to strengthen our position in state of Andhra Pradesh, with share of revenues of HCG Centers from this cluster increasing to 8% in FY 20 as compared to 7% in FY 19 and remain positive about this region.

Milann Centers

During the year, Milann business recovered their revenues as well as showed improved profitability as compared to previous year. Milann centers in Bangalore clocked higher revenues, primarily on account of improved digital marketing initiatives as well as ramp up of new center in Whitefield. Our Whitefield center has achieved operational break-even and continues to ramp-up well, with overall profitability of the Bangalore business showing improving trends. At the time of this report, Milann was in process of restructuring its Ahmedabad center for strategic reasons. Milann continues to be one of the leading IVF brands in India with strong focus on clinical excellence, training and education as well as one of the largest number of successful pregnancies and babies delivered in the last two decades. During Fiscal Years 2020 and 2019, our Milann fertility centers registered 5,481 and 5,688 new patients and performed 2,195 and 2,045 IVF procedures, respectively. Our Milann fertility centers also offer training programmes for fertility specialists and embryologists.

Financial Performance

The financial statements of HealthCare Global Enterprises Limited and its subsidiaries, joint venture and associate (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, 2020, consolidated balance sheet as at March 31, 2020 and the consolidated cash flow statement for the year ended March 31, 2020. 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.

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

Operating Revenue* (₹ Mn)		Operating EBIDTA# (₹ Mn)		PAT# (₹ Mn)	
FY18	8,307	FY18	1,188	FY18	205
FY19	9,787	FY19	1,252	FY19	-248
FY20	10,956	FY20	1,722	FY20	-1,067

₹ in million

Particulars	For the fiscal year ended March 31, 2020		Growth vis a vas FY19	For the fiscal year ended March 31, 2019	
REVENUE	(In millions)	% of Revenue	In %	(In millions)	% of Revenue
Revenue from operations					
Income from medical services	10,076.3	91.4	13.7%	8,865.5	89.9
Income from sale of medical and non-medical items	729.7	6.6	-1.8%	743.3	7.5
Other operating revenue including government grant	150.4	1.4	-15.5%	177.9	1.8
Total Revenue from Operations including government grant	**10,956.4**	**99.4**	**12.0%**	**9,786.7**	**99.2**
Other income	69.7	0.6	-6.0%	74.1	0.8
Total Revenue	**11,026.1**	**100.0**	**11.8%**	**9,860.8**	**100.0**
EXPENSES					
Purchases of medical and non-medical item	2,363.5	21.4	6.7%	2,214.9	22.5
Changes in inventory	35.1	0.3	-223.3%	-28.5	-0.3
Employee benefits expense	2,080.3	18.9	12.7%	1,845.2	18.7
Finance costs	1,376.5	12.5	96.9%	699.1	7.1
Depreciation and amortisation expense	1,484.5	13.5	74.5%	850.9	8.6
Other expenses	4,755.6	43.1	5.6%	4,503.2	45.7
Total Expenses	**12,095.5**	**109.7**	**19.9%**	**10,084.8**	**102.3**
Loss before tax and exceptional items	**-1,069.4**	**-9.7**	**377.6%**	**-223.9**	**-2.3**
Exceptional Items	-	-		-	-
Share of (loss) of equity accounted investees	**-123.22**	**-1.1**		**-109.9**	**-1.1**
Loss before tax	**-1,192.6**	**-10.8**		**-333.8**	**-3.4**
TAX EXPENSE					
(1) Current tax	24.55	0.2		-11.0	-0.1
(2) Deferred tax	37.34	0.3		-14.0	-0.1
Net tax expense	**61.89**	**0.6**		**-25.0**	**-0.3**
Loss after tax before share of profit/ (loss) of minority interest	**-1,254.5**	**-11.4**		**-308.8**	**-3.1**
Share of minority interest	**-187.6**	**-1.7**		**-60.8**	**-0.6**
Loss for the year	**-1,067.0**	**-9.7**		**-248.0**	**-2.5**

Revenue

Our total revenue increased by ₹ 1,165.2 million (11.8%) as compared to Fiscal Year 2019 to ₹ 11,026.1 million in Fiscal Year 2020. This increase was primarily due to an increase in revenue from operations.

Revenue from operations

The revenue from operations increased by ₹ 1,169.6 million, or by 12%, from ₹ 9786.7 million in Fiscal Year 2019 to ₹ 10,956.4 million in Fiscal Year 2020. This was primarily contributed by an increase in ARPOB, revenue from additional facilities in existing centers and from new centers commenced. During the Fiscal Year 2020, Our Maharashtra, Gujarat and Karnataka clusters contributed additional revenues of ₹ 151 million, ₹ 369 million and ₹ 155 million respectively compared to Fiscal Year 2019. Our new centers, Baroda,

*including income from government grant

#Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption have not been retrospectively adjusted for the year ended 31 March 2019 and previous period financials are not comparable

Bhavnagar and Rajkot in Gujarat, Hubli and Gulbarga in Karnataka, Visakhapatnam in Andhra Pradesh, Borivali, Nagpur and South Mumbai in Maharashtra and Kolkata in West Bengal and Jaipur in Rajasthan were the main contributors to the revenue growth. Revenue from our fertility centers was higher by 58 million during the fiscal year 2020 at ₹ 701.6 million during the year.

Other operating revenues

Our other operating revenues including Govt. grants was 150.4 million during fiscal year 2020 as compared to ₹ 177.90 million in Fiscal Year 2019. Other operating income primarily consists of Income from Training and from other operational arrangements and the EPCG Income.

Other income

Our other income decreased by ₹ 4.41 million, or by 5.95%, from ₹ 74.1 million in Fiscal Year 2019 to ₹ 69.7 million in Fiscal Year 2020. Reduction in other income was primarily due to lower misc income in FY 20.

Expenses

Our total expenses increased by ₹ 2010.7 million, or by 19.9%, from ₹ 10,084.7 million in Fiscal Year 2019 to ₹ 12,095.5 million in Fiscal Year 2020. The company has adopted IND AS 116 during the FY 2020 which has led to an increase in Finance cost and Depreciations cost for the year. Increase in employment cost and other operating expenses is in line with the business growth.

Cost of consumption

Cost of consumption comprises of our expenses related to purchases of medical and non-medical items and changes in inventories of medical and non-medical items. Cost of consumption related to usage of drugs, medical and non-medical consumable items increased by ₹ 212.3 million, or by 9.7%, from ₹ 2186.4 million in Fiscal Year 2019 to ₹ 2398.7 million in Fiscal Year 2020.

Cost of consumption as a percentage of our total revenue decreased from 22.2% in Fiscal Year 2019 to 21.8 % in Fiscal Year 2020. 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 ₹ 235.1 million, or by 12.7%, from ₹ 1845.2 million in Fiscal Year 2019 to ₹ 2080.3 million in Fiscal Year 2020. This increase was primarily due to additions of new centers - comprehensive cancer centers at Borivali as well as new center being managed by HCG at Kolkata and Jaipur.

Finance costs

Our finance costs increased by ₹ 677.2 million, or by 96.9%, from ₹ 699.1 million in Fiscal Year 2019 to ₹ 1,376.3 million in Fiscal Year 2020 This increase is primarily due to adoption of the new accounting standard IND AS 116 which become applicable from 1st Apr 2019.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by ₹ 633.6 million, or by 74.5%, from ₹ 850.9 million in Fiscal Year 2019 to ₹ 1484.5 million in Fiscal Year 2020. This increase is primarily due to adoption of the new accounting standard IND AS 116 which become applicable from 01 April 2019 and capitalization of new centres in Mumbai and Kolkatta which became fully operational in current fiscal year.

Other expenses

Our other expenses increased by ₹ 252.4 million, or by 5.6%, from ₹4503.2 million in Fiscal Year 2019 to ₹ 4755.6 million in Fiscal Year 2020. The increase in other expenses is lower as compared to other years due to rentals cost being replaced with Depreciation and Interest cost as a result of adoption of new accounting standard IND AS 116 related to Leases. Other expenses like medical consultancy charges, fuel and water charges, housekeeping and security expenses were in line with our business growth.

Other expenses, as a percentage of revenue, have decreased from 45.7 % in Fiscal Year 2019 to 43.1% in Fiscal Year 2020 for reason mentioned above. Other key expense line items include:

Description	Fiscal Year 2020	% of Total Revenue	Fiscal Year 2019	% of Total Revenue
Medical consultancy charges	2,450.7	22.2%	2,113.8	21.4%
Rent	70.5	0.6%	563.2	5.7%
Repairs and maintenance:	349.0	3.2%	257.4	2.6%
Power, fuel and water	332.6	3.0%	288.2	2.9%
House keeping and security	281.9	2.6%	236.7	2.4%
Lab charges	385.0	3.5%	371.0	3.8%
Advertisement, Publicity & Marketing	193.3	1.8%	121.9	1.2%

Medical consultancy charges increased by ₹ 336.9 million or by 15.9% from ₹ 2113.8 million to ₹ 2450.7 million in fiscal year 2020 due to opening of new centers and hence growth in numbers of patients treated.

Our Rent including Lease rental reduced from ₹ 563.2 million in fiscal year 2019 to ₹ 70.5 million in fiscal 2020. The company had adopted IND AS 116 wef 1st April 2019 related to Leases which resulted in change in accounting treatment of rental expenses.

Our repairs and maintenance expenses increased by ₹ 91.6 million from ₹ 257.2 million in fiscal year 2019 to to ₹ 349.0 million in fiscal year 2020.As a % of revenue, the same was at 3.2% in fiscal year 2020 when compared to 2.6% in fiscal year 2019.

Our power, water and fuel expenses increased by ₹ 44.4 million from ₹ 288.2 million in fiscal year 2019 to ₹ 332.6 million is fiscal year 2020. The effective increase year on year was 15.4% over previous year.

Our house-keeping and security expenses increased by ₹ 45.2 million or by 19.1% from ₹ 236.7 million in fiscal year 2019 to ₹ 281.9 million in fiscal year 2020. However, as a % of revenue the same was at 2.6% in 2020 as compared to 2.4% in 2019.

Loss before tax and exceptional items

Our loss before tax and exceptional items was ₹ (1069.4) million in Fiscal Year 2020 as compared to a loss before tax amounting to ₹ (223.9) million in Fiscal Year 2019.

Share of (loss) of equity accounted investees

Our investments in HealthCare Global Africa Private Limited, held by HCG (Mauritius) Private Limited as well as investment in Strand Life Sciences are accounted under equity method as per Ind AS 28 'Investment in Associates and Joint Ventures' have resulted in loss of ₹ 123.2 million in the current fiscal year.

Tax expense

We recorded current tax of 24.6 million and deferred tax of 37.3 million in Fiscal Year 2020 as a result of which total tax expense for FY 20 was 61.9 million. We recorded current tax credit tax of 11.0 million and deferred tax credit of 14.1 million in Fiscal Year 2019 as a result of which net tax credit for FY 19 was 25.0 million.

Loss after tax before share of profit/ (loss) of minority interest

Our loss after tax before share of profit/ (loss) of minority interest was ₹ 1254.5 million in Fiscal year 2020 as compared to a loss of ₹ 308.8 million in fiscal year 2019.

Share of profit/ (loss) of minority interest

Minority's share of loss was ₹187.6 million in Fiscal Year 2020 as compared to a loss of ₹ 60.8 million in Fiscal Year 2019. This was primarily on account of increased share of loss contributed by new units operationalized during the year where HCG has majority stake.

Loss for the year

As a result of the foregoing, our net loss for the year was (₹ 1067.0) million in Fiscal Year 2020 as compared to a net profit/(loss) amounting to (₹ 248.0) million in Fiscal Year 2019.

Assets

₹ in million

Particulars	As at March 31, 2020	2019
Non-current assets		
Property, plant and equipment	9,271.1	8,515.4
Capital work in progress	460.9	1,526.3
Goodwill	1,093.4	1,093.4
Right of Use Asset	5,776.2	-
Other intangible assets	320.1	93.3
Investments in equity accounted investees	267.6	384.4
Financial assets		
- Investments	73.5	106.1
- Loans receivable	515.9	367.3
- Other financial assets	292.9	217.5
Deferred tax assets (net)	261.4	268.6
Income Tax assets (net)	817.8	553.9
Other non-current assets	413.7	679.7
Total non-current assets	**19,564.5**	**13,805.9**
Current assets		
Inventories	232.6	267.7
Financial Assets		
- Investments		
- Trade receivables	1,856.6	1,568.9
- Cash and cash equivalents	317.5	205.2
- Bank balance other than cash and cash equivalents above	2.7	3.5
- Loans	54.4	142.1
- Other financial assets	203.9	242.5
Other current assets	299.5	299.7
Total current assets	**3,037.8**	**2,729.6**
Total assets	**22,531.7**	**16,535.5**

We had property, plant and equipment amounting to ₹ 9271.1 million as at March 31, 2020 and ₹ 8515.4 million as at March 31, 2019. 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 centers at Borivalli, Nagpur and Kolkatta.

Our Capital Work-in-progress of ₹ 460.9 million as of March 31, 2020 was primarily on account of new projects which are under development that include comprehensive cancer care centers in Privat in Delhi.

We had goodwill amounting to ₹ 1,093.4 million as of March 31, 2020 and ₹ 1,093.4 million as of March 31, 2019. Our goodwill comprises payments made to our partner for securing exclusive rights to operate a center, and pertains to acquisitions of our Milann fertility centers, HCG Medi-Surge and City Cancer Center in Vijayawada.

The Company had adopted the new accounting standard IND As 116 pertaining to Leases which become effective from 1st April 2019. As a result, of this adoption, all long term rental agreements where re-worked based on committed tenure and a new Asset Right-to-Use was created amounting to 5776.2 million during the year. The corresponding liability was created as "Lease liabilities" under "Non current liability" and "current liability".

Our Investments in equity accounted investees primarily consist of investments made in Healthcare Global Africa Private Limited amounting to ₹ 219.0 million as well as Strand Life Sciences Private Limited amounting to ₹ 48.6 million

The increase in our other intangible assets from ₹ 93.3 million as of March 31, 2019 to ₹ 320.1 million as of March 31, 2020 was primarily on account of software licenses for ERP (SAP) and Hospital Information Systems (HIS).

We had non-current investments of ₹73.5 million as of March 31, 2020 and ₹106.1 million as of March 31, 2019. We had non-current loans amounting ₹ 515.9 million primarily on account of Inter Corporate Deposit of ₹105 million and security Deposit of 420.9 as of March 31 2020.

We had other non-current financial assets of ₹ 222.2 million as of March 31, 2020 and ₹ 217.5 million as of March 31, 2019. This primarily comprises of Term Deposits amounting to ₹ 165.0 million as on March 31, 2020.

Our Deferred Tax Assets decreased to ₹ 261.4 million as of 31 March 2020 from ₹268.6 million as of 31 March 2019. Our income tax assets increased to ₹ 817.8 million as of 31 March 2020 from ₹ 553.9 million as of 31 March 2019 which is primarily on account of TDS from our customers pending assessments and refunds in our holding company and our subsidiaries.

We had other non-current assets amounting to ₹ 413.7 million and ₹ 679.9 million as at March 31, 2020 and 2019 respectively. The decrease is on account of decrease in our capital advances by ₹ 82.3 million and decrease in prepaid expenses by ₹ 183.7 million.

We had outstanding net trade receivables amounting to ₹ 1856.6 million and ₹ 1568.9 million as at March 31, 2020 and 2019 respectively. We made provisions for doubtful trade receivables amounting to ₹ 411.2 million and ₹ 378.8 million as at the end of March 31, 2020 and 2019 respectively. Our trade receivables comprise receivables from government payors, corporate bodies, insurers and patients who pay directly to us.

We had loans amounting to ₹ 54.4 million as of March 31, 2020 as against ₹ 142.1 million as of March 31, 2019. The decrease in loans was primarily on account of inter corporate deposits of ₹ 105 million which moved from current to non-current. We had other current financial assets of ₹ 203.9 million as of March 31, 2020 as against ₹ 242.5 million as of March 31, 2019 and other current assets of ₹ 299.5 million as of March 31, 2020 as against ₹ 299.7 million as of March 31, 2019. Our other current financial assets primarily comprise of unbilled receivables amounting to ₹ 155.7 million and Term Deposits amounting to ₹ 64.9 million, while other current assets consist of advance to vendors amounting to ₹ 183.9 million, prepaid expenses of ₹ 62.4 million.

Liabilities and Indebtedness

Liabilities

The following table sets forth the principal components of our liabilities as at March 31, 2020 and 2019

Liabilities

₹ in million

Particulars	As at March 31, 2020	2019
Non-current liabilities		
Financial Liabilities:		
- Borrowings	5,296.1	5,169.1
- Lease Liabilities	6,091.7	-
- Other financial Liabilities	623.7	228.4
Provisions	72.8	56.4
Deferred tax liabilities	69.8	39.7
Other non current liabilities	422.3	346.8
Total non-current liabilities	**12,576.5**	**5,840.4**
Current liabilities		
Financial Liabilities:		
- Borrowings	936.6	499.9
- Lease Liabilities	215.0	-
- Trade payables	1,535.7	1,527.5
- Other financial liabilities	2,653.6	3,049.9
Other current liabilities	304.5	322.8
Provisions	90.5	72.8
Income tax liabilities (net)	21.7	0.3
Total current liabilities	**5,757.5**	**5,473.1**
Total liabilities	**18,334.0**	**11,313.5**

A significant portion of our liabilities comprise of non-current borrowings. We had non-current borrowings amounting to ₹ 5296.1 million and ₹ 5169.1 million as at March 31, 2020 and 2019 respectively.

Our other non-current financial liabilities as at March 31, 2020 was 623.7 million from 228.4 million as at March 31, 2019. The increase in non-current financial primarily on account of classification of written put option of MediSurge to non-current.

Our other noncurrent liabilities primarily comprise of Deferred Government grant ₹ 422.3 million as of March 31, 2020

We had outstanding trade payables amounting to ₹ 1,535.7 million and ₹ 1,527.5 million as at March 31, 2020 and 2019 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.

We had other current financial liabilities amounting to ₹ 2,653.6 million and ₹ 3,049.9 million as at March 31, 2020 and 2019 respectively. These primarily comprised current maturities of long-term debts amounting to ₹ 926.3 million and ₹ 910.0 million, Supplier factoring facility of ₹ 443.5 million and 289.15 million, and payable on purchase of fixed assets amounting to 116.0 million and 319.5 million as at March 31, 2020 and 2019 respectively. There was also an amount of 481.8 million in fiscal year 2019 towards put option of MediSurge which has been classified to non-current in fiscal year 2020.

Our other current liabilities amounted to ₹ 304.5 million and ₹ 322.8 million as at March 31, 2020 and 2019 respectively. This was primarily comprised of advance from customers amounting to ₹ 154.7 million and ₹ 210.4 million and Statutory remittances amounting to ₹ 109.1 million and ₹ 73.9 million as at March 31, 2020 and 2019 respectively.

Liabilities

₹ in Million

Particulars	As at March 31, 2020	2019
Secured loans		
- Term loans from banks	3,438.8	2,405.5
- Term loans from other parties	1,610.3	1,615.9
- Vehicle Loans	4.1	6.3
- Working capital loans	905.4	299.9
Total secured loans	**5,958.5**	**4,327.6**
Unsecured loans		
- Deferred payment liabilities	1,117.9	1,481.3
- Long term maturities of Finance Lease obligations	-	563.7
- From Other parties	51.4	6.4
- Loan from Related parties	31.2	
- Loans repayable on demand from Banks	-	200.0
Total unsecured loans	**1,200.5**	**2,251.4**
Total borrowings	**7,159.0**	**6,579.0**
Total borrowings represented by:		
Long-term borrowings	5,296.1	5,169.1
Short-term borrowings	936.6	499.9
Current maturities of long-term borrowings (included in other current liabilities)	926.3	910.0
Total	**7,159.0**	**6,579.0**

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, 2020, we had ₹ 7159.0 million of indebtedness outstanding. All of our indebtedness outstanding as at March 31, 2020 was denominated in Indian Rupees except for U.S.$ 10.58 million and Euros 3.85 million in outstanding loans taken from various equipment vendors.

Summary of cash flow statement:

Particulars	For the Fiscal year ended March 31, 2020	For the Fiscal year ended March 31, 2019
Net cash flow generated from operating activities	1,301.4	985.0
Net cash flow used in investing activities	-1,013.8	-2,382.0
Net cash flow generated from/(used in) financing activities	-584.3	835.1
Net cash flows used for the year	-296.7	-561.8

Cash flow generated from operating activities

For the fiscal year ended March 31 2020, we had loss before tax of ₹ (1192.6) million and our operating profit before working capital changes was ₹ 1795.0 million. Our cash generated from operations after adjusting for changes in working capital was ₹ 1568.5 million. This reflected cash inflow on account of an increase in trade and other payable by ₹ 181.7 million; and cash outflow on account of an increase in trade receivables by ₹ 325.8 million and an increase in inventories by ₹ 35.1 million. There was also an outflow of 140.7 million on account of changes in loans and other financial assets. After adjusting for changes in working capital and a net income tax payment amounting to ₹ 267.1 million, our net cashflow generated from operating activities was ₹ 1301.4 million for the fiscal year ended in March 2020.

Cash flow used in investing activities

For the fiscal year ended March 31, 2020, our net cash flow used in investing activities was ₹ 1013.8 million. This reflected payments for property, plant and equipment including margin money deposits amounting to ₹ 1078.1 million primarily relating to our completed projects like Borivali, Nagpur and our recently completed comprehensive cancer care centers in Nashik Phase II, Jaipur and Kolkata.

Cash flow used in financing activities

For the fiscal year ended March31, 2020, our net cash flow used in financing activities was ₹ 584.2 million. This was primarily on account on Interest paid amounting to ₹ 1145.2 million including interest on lease liabilties which was partially offset by proceeds from net borrowings ₹ 322.3 million and issue of equity shares amounting to ₹ 203.2 million

Key Ratios	For the fiscal year ended March 31	
	2020	2019
Ratio- Leverage		
Debt/Equity	1.7	1.3
EBIDTA/Interest *	1.3	1.9
Ratio Profitability		
Operating Profit Margin % **	16.2%	13.4%
Net Profit Margin %	-9.7%	-2.5%
Return on equity %	-24.9%	-5.0%
RoCE %	1.8%	4.3%
Ratios Operations		
Inventory Turnover Ratio	9.6	8.6
Current Ratio	0.5	0.5
Ratio - Per Share		
EPS	-12.1	-2.8
P/E	-6.2	-76.5
Market Capitalisation/Total Revenue***	0.6	1.9

* EBIDTA includes other income

** Operating profits includes other income and income from govt. grants

*** Based on closing share price as on March 31st 2020 on NSE

Notes to key ratio:

1 Return on Equity: PAT/Average Shareholder's Equity

2 RoCE: EBIT/Average Capital Employed

3 Inventory Turnover Ratio: COGS/ Average Inventory of FY 19 and FY 20

4 Current Ratio: Current Assets/ Current Liabilities

5 EPS: PAT post minority interest/Nos. of diluted shares outstanding

6 P/E: Closing share price as on March 31st 2020 on NSE/EPS

7 EBIDTA/Interest: FY 20 includes Intererest on lease liability due to adoption of IND AS 116, hence not comparable to FY 19

Credit Rating:

The long-term credit rating of HCG for FY 20 has been maintained at A (-) by ICRA. (associate of Moody's Investor's services) 'A' Rating for Instruments signifies adequate degree of safety regarding timely servicing of financial obligations. The outlook on the long term rating has been revised to Stable.

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 Committee on a periodic basis. The Risk Management and Steering Committee (RMSC) 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.

RMC 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 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 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 center 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.

The quality department of each cancer center 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.

External audits are carried out by NABH at our center of excellence in Bengaluru and at HMS. External audits by NABL and CAP had been carried out at 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 teams document 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.

In addition to the above, HCG has also developed case specific clinical protocols for the majority of the oncology cases that we see in the HCG Network. This standardization has helped us in achieving optimum level of care in all units without having to compromise.

Each cancer center 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.

From time to time, AERB also conducts audits at our cancer centers relating to quality assurance of radiation equipment, radiation safety measures taken by our cancer centers, any changes in the representations made by our cancer centers while obtaining the AERB approval and the adequacy of the skills and number of manpower and resources at each cancer center.

We also have a quality management system structured as per the ISO9001:2008 guidelines for quality management systems across our Milann fertility centers. The key quality assurance practices at our Milann fertility centers 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 centers 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.

Employee surveys are carried out twice a year by the human resource departments of each cancer center and the results of such surveys are shared with the quality departments and the management team of each cancer center for remedial measures.

CLINICAL EXCELLENCE

Clinical excellence is the core premise around which our healthcare operations are structured. Our Group continues to deliver the highest standards of clinical outcomes across all our business verticals. Our standardised clinical protocols for diagnosis and treatment of cancer patients have allowed us to manage the large volume of patient cases across our HCG network with successful clinical outcomes. The five-year survival rate for breast cancer patients at our HCG network is comparable to U.S. benchmarks. (Source: Delivering World-Class Health Care, Affordably, published on Harvard Business Review by Vijay Govindarajan and Ravi Ramamurti, dated November 2013). 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.

Department of Clinical excellence at HCG has been instrumental in synergizing the clinical functions at all HCG hospitals. This department under quality and strategy aims to improve the quality of clinical care and usher in uniform standards of care across all HCG centers. This has been facilitated through a systematic change in people, process, and function. Credentialing and privileging have been synergized with the functions and quality indicators of each department thereby ushering a sense of accountability. Identifying training needs and skill development has ensured improvement at the people level. At the process level upgradation of medical record departments, registry, implementation of uniform documentation practices across centers, clinical audits and deficiency monitoring has helped set high standards of clinical practice. Mapping our own clinical outcomes and constantly evolving HCG treatment guidelines has paved way for standardization of clinical pathways and improvement in the functioning of the departments. Research leveraged with genomics has ushered in an era of precision medicine at HCG. Biorepository specimens and the accompanying clinical repository is a treasure trove for novel drug targets and discovery. The department of clinical excellence strives towards an improvement in clinical care and health of the patients transcending beyond oncology. The vision is to make people's lives better than what they had before a cancer diagnosis using caring hands, clinical expertise, and high-end technology.

The Department of Clinical Excellence facilitates:

- Implementation of Uniform documentation standards
- Implementation of Uniform treatment protocols and clinical pathways

- Centralized Cancer registry
- Centralized Clinical repository
- Centralized Biorepository
- R&D activities and Investigator Initiated Trials
- Documentation of outcomes
- Development of clinical audit standards across departments
- Developments of clinical forms

HCG was the host institution to the Second International Cancer Congress (ICC-2017), the largest conglomeration of oncologists in the country. The second chapter of the Indian Cancer Congress (ICC) 2017 at the Clarks Convention Centre in Bengaluru. The aim of the conference, jointly organized by its four major national oncology partners and the Government of Karnataka, was to provide a platform and spread cancer awareness through various initiatives. The theme of the conference was Insight, Innovation, and Integration. The conference also saw active participation from Ministry of AYUSH in launching the National Integrative Cancer program (ICAP). The conference was a scientific treat with around 5000 delegates and several hundred international speakers, discussing and sharing advances in various aspects of cancer Care. The conference saw an active participation from HCG Oncologists in coordinating various specialty symposia and presenting several research publications.

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 centers and hospitals to our physicians and medical staff, as well as to healthcare professionals outside our network of centers and hospitals. The sessions are led by expert physicians and other healthcare professionals from our network of centers 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 centers, 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 center 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 center of excellence in Bengaluru, we offer a Diplomate 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 centers 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 centers 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 contain 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.

Business Responsibility Report

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. no.	Section A: General Information about the Company	
1.	Corporate Identity Number (CIN) of the Company:	L15200KA1998PLC023489
2.	Name of the Company	HealthCare Global Enterprises Limited ("HCG")
3.	Registered address:	HCG Tower, No.8, P. Kalinga Rao Road, Sampangi Rama, Nagar, Bengaluru, Karnataka, India – 560027
4.	Website:	https://hcgel.com/
5.	E-mail id	investors@hcgel.com
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	The Company is in the healthcare sector running, operating, maintaining primarily cancer care centres. The applicable NIC Code is 930 (As per NIC 1987)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company provides only Medical Services.
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5): (b) Number of National Locations:	The Company through its step down subsidiary operates a cancer care centre in Kenya. As of March 31, 2020, our HCG network consisted of 25 centres including comprehensive cancer centres and multispecialty hospitals across India and 1 centre in Africa.
10.	Markets served by the Company – Local/State/National/ International:	National Presence: Bengaluru, Hubli, Shimoga, Mangalore, Chennai, Vjiayawada, Ongole, Gulbarga, Vizag, Mumbai, Nashik, Nagpur, Ahmedabad, Bhavnagar, Baroda, Ranchi, Kolkata, Cuttack, Jaipur. International Presence: Africa

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹): 88,69,06,290
2. Total Turnover (₹): 11,026.1 Mn (includes other income of 69.7 Mn)
3. Total loss after taxes (₹): 1,066.9 Mn (after minority, with IndAS 116)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): Nil
5. List of activities in which expenditure in 4 above has been incurred: -

The Company has not made any CSR spent during FY 2019-20. The list of activities for which the CSR expenditure has been incurred in FY 2018-2019 was for education, including vocational training for underprivileged in proximate communities. For details on CSR Programmes, please refer to Annexure on CSR which also forms part of Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies:

   As on March 31, 2020, the Company has 13 Subsidiaries (including step down subsidiaries), the details of which are as under:

   (a) HCG Medi-Surge Hospitals Private Limited (India)

   (b) Malnad Hospital & Institute of Oncology Private Limited (India)

   (c) HealthCare Global Senthil Multi Specialty Hospitals Private Limited (India)

   (d) Niruja Product Development and Healthcare Research Private Limited (name changed with effect from November 10, 2016 from MIMS HCG Oncology Private Limited) (India)

(e) BACC Health Care Private Limited (India)

(f) HealthCare Diwan Chand Imaging LLP (India)

(g) APEX HCG Oncology Hospitals LLP (India)

(h) HCG NCHRI Oncology LLP (India)

(i) HCG Oncology LLP (India)

(j) HCG EKO Oncology LLP (India)

(k) HCG Manavata Oncology LLP (India)

(l) HCG (Mauritius) Pvt. Ltd. (Mauritius)

(m) HCG SUN Hospitals LLP (India)

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

   Subsidiaries maintain policies relevant to their business operations. However, HCG promotes its subsidiary companies to run their businesses in a socially and environmentally responsible manner.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

   The Company does not mandate its suppliers / distributors to participate in the Company's Business Responsibility ("BR") initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies

Particulars	Details
DIN Number (if applicable)	00713779
Name	Dr. B S Ajaikumar
Designation	Chairman and CEO

   (b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	00713779
Name	Dr. B S Ajaikumar
Designation	Chairman and CEO
Telephone number	080 33669999
e-mail id	investors@hcgel.com

2. Principle-wise (as per NVGs) BR Policy/policies

   (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy being formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Indicate the link for the policy to be viewed online?	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Does the company have in-house structure to implement the policy/ policies.	✓	✓	✓	✓	✓	✓	✓	✓	✓

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note:

1. Anti-bribery & Anti-Corruption - https://hcgel.com/wp-content/uploads/2017/10/HCG_ANTI-BRIBERY-AND-ANTI-CORRUPTION-Main-02.pdf
2. EHS Policy - https://hcgel.com/wp-content/uploads/2020/08/ESMS-Policy.pdf
3. Code of Conduct - https://hcgel.com/wp-content/uploads/2020/08/HCG-Code-of-Conduct-Policy.pdf; Whistle-blower - https://hcgel.com/wp-content/uploads/2019/04/Whistle-Blower-Policy.pdf; ICW - https://hcgel.com/wp-content/uploads/2020/08/ICW.pdf Grievance Policy - https://hcgel.com/wp-content/uploads/2020/08/GreviancePolicy.pdf
4. CSR Policy - https://hcgel.com/wp-content/uploads/2018/09/HCG-CSR-Policy.pdf
5. CSR Policy - https://hcgel.com/wp-content/uploads/2018/09/HCG-CSR-Policy.pdf
6. EHS Policy - https://hcgel.com/wp-content/uploads/2020/08/ESMS-Policy.pdf
7. EHS Policy - https://hcgel.com/wp-content/uploads/2020/08/ESMS-Policy.pdf
8. CSR Policy - https://hcgel.com/wp-content/uploads/2018/09/HCG-CSR-Policy.pdf
9. EHS Policy - https://hcgel.com/wp-content/uploads/2020/08/ESMS-Policy.pdf

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

(Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	BR performance is reviewed as a part of the ongoing business review by the Management and the Board of Directors.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has qualified under clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during financial 2019-20 and hence this is the first year of publishing this report. The report for FY 2019-20 is hosted on our website as a part of Annual Report 2019-20.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   Yes. This policy extends to HCG, its subsidiaries, joint ventures and affiliated entities. The Company also has a code of conduct applicable for Vendors and Third Parties.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   Number of Stakeholders' Complaints received during the financial year: NIL

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

   (a) Preventive Oncology Clinic: It is early identification of unrecognized disease in apparently healthy, asymptomatic population by means of tests, examinations or procedures which can be applied rapidly and easily to the target population for improving outcomes.

   (b) Psyco-oncology- Psycho-oncology Services: The Psycho-oncology service offers tailor made Psychological intervention after Distress screening, structured Psychological assessment and clinical interview.

   (c) Emotional Support Group Programs:

      (i) S.T.H.R.I (Support to Holistically Restore the Individual): STHRI is a Emotional Support Group program for Breast cancer patients.

      (ii) C.H.E.E.R.S: (Children's Health, Educational, Emotional Restoration Services): CHEERS is an Emotional support group for children touched by cancer.

      (iii) E.M.P.A.T.H.Y: (Empower Parents and Train them in Handling their Young): EMPATHY is an Emotional support group for Parents of Children touched by cancer.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   We improve efficiency across the value chain by continuous training and skilling of manpower as well as adopting new technological innovations. We have enhanced our academics and nurse training programs as well as installed state-of-the art equipment in the previous year across our networks

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   With installation of digital pathology systems across our hospitals, we have made the diagnostic reporting more efficient through reduced human as well as logistics requirements for generating patient reports. Through digital PET installed at our center of excellence, the requirement of FDG per scan has been reduced while ensuring better imaging and analysis.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empanelled vendors who are governed by various statutes. In the recent procurement of high value utilities, the facility started adopting life cycle cost analysis to identify a sustainable product with lesser energy foot print. This procedure ensures that energy efficiency, resource consumption to an optimum level, while meeting the requirement.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empanelled vendors who are governed by various statutes.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   We have mechanism in place for managing, reusing and recycling various hazardous and non-hazardous waste generated. We manage the waste generation and disposal of various types including Bio-medical waste, DG - set oil waste and general waste. The table below summarise the quantity, method of handling and disposal of these wastes.

Hazardous and Non-hazardous Waste Type	Annual Quantity and Units	Method of Storage and Handling	Method of Recycling, Reuse or Disposal
Bio Medical Waste	2,88,000 kgs per year	As per Bio Medical Waste Handling Rules, 2016 and Govt. of India and State Pollution Control Board.	Through the State Pollution Control Board authorised Common Bio Medical Waste Treatment Facility as per the Bio Medical Waste Handling Rules, 2016
DG Set Oil Waste	~610 litres per Year	As per provisions of the Hazardous Waste (Management And Transboundary Movement) Rules.	Through the State Pollution Control Board authorised vendor under the Hazardous Waste (Management and Transboundary Movement) Rules
General Waste	6,15,000 Kgs. per Year	Stored in a secured area and cleared Regularly as per local municipality rules.	Handed over to Local Municipalities.

Recycling and reuse methods have been aggressively scaled up to reduce impact on environment.

Principle 3

1. Please indicate the Total number of employees.: 3497 (entity level)
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.: 913 (entity level)
3. Please indicate the Number of permanent women employees.: 1719 (entity level)
4. Please indicate the Number of permanent employees with disabilities: 8 (entity level)
5. Do you have an employee association that is recognized by management. No
6. What percentage of your permanent employees is members of this recognized employee association? : Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	5	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
   (a) Permanent Employees: 70% employees have been covered for the training
   (b) Permanent Women Employees: 70% employees have been covered for the training
   (c) Casual/Temporary/Contractual Employees: 70% employees have been covered for the training
   (d) Employees with Disabilities: 70% employees have been covered for the training

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes, the Company has mapped its internal and external stakeholders

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   It has been the continued effort of the CSR team to identify vulnerable and marginalised populations. Before initiating programmes, we conduct baseline surveys wherein we understand demographics, socio-economic profile as well as healthcare indices. This helps us address gaps in services for identified populations.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Some of the special initiatives taken are as under:

   (a) Consumer Awareness Campaign: At HCG, we conduct several cancer care awareness campaigns about the benefits of early detection of cancer its timely diagnosis. The awareness programs are organized across the country through screening camps, awareness talks, action oriented activities, media outreach articles, free health check and social media channels.

   (b) Sanjeevani - Cancer Diagnostic Mobile Clinic: Aiming at overcoming the hurdle of transportation that comes in the way of medical checkup, HCG, in association with Infosys Foundation, launched a mobile cancer project in 2014; Staffed with a doctor, nurse and paramedical staff (around five in all), the clinic is equipped with mammography, x-ray system, ultrasound system, pathology and lab. The mobile cancer clinic is deployed in Gulbarga to cater to districts in north Karnataka, the clinic is a boon to people in the remote areas. The mobile clinic creates accessibility to advanced cancer screening and early diagnosis. It is a fully sufficient bus with advanced technology which helps in creating awareness by disseminating information about cancer through a television fitted inside the mobile clinic with provision to beam images onto a screen outside. The incidence of head and neck cancer and cervical cancer is high in rural areas. With early diagnosis one can find better approach to cancer treatment. The goal of the mobile bus clinic was to leverage pre-existing infrastructure in the local communities to continue educate and provide diagnosis with detection in rural communities.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Applies to Company and its Subsidiaries and it also extends to the employees/ workers hired from outsourced agencies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   NIL

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

   This covers the Company and all its subsidiaries.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Yes, as part of the strategy, Company has adopted environment initiatives like resource conservation audits, sourcing energy from renewable sources and energy conservation projects to combat the effects of Climate Change, Global Warming, etc

3. Does the company identify and assess potential environmental risks? Y/N : Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Since the Company is in the business of providing healthcare services and is not engaged in any manufacturing process, the compliance with Clean Development Mechanism is not applicable. Hence, no projects relating to the same has been undertaken by the Company.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Company has initiatives on clean technology usage through the renewable sources of energy

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? :

   Yes

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Nil

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Yes, HCG is a Member of Association of Healthcare Providers (India) -("AHPI")

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   HCG engages in constructive dialogues with industry regulatory bodies and associates on issues of legitimate interest of the Group. At Industry level, we participate in many industry forums and associations. We collaborate with these associations and forums to set industry standards benchmarks with best global practises. Through our regular interaction with these associations and forums, we ensure long-term viability of the industry by participating in policy development and thereby securing a sustainable future.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   We understand the impact of business on the social and economic development, and respond through appropriate action to minimise the negative impacts. We innovate and invest in technologies and processes that promote the wellbeing of society and make efforts to complement and support the development priorities at local and national level. Some of these aspects are explained below:

   (a) Hub and spoke business model: Our business model is structured to provide specialty focused healthcare services under an institutional brand, with presence in metros and Tier 2/3 towns of India. We believe that our strategy of widening our footprint in parts of India, aligns to our business goals of enabling accurate diagnosis and treatment for a larger part of community. Cancer treatments continues to evolve with new diagnostic and care methodologies being developed. At HCG, we invest in R&D and innovation to build capabilities as a pioneer in cancer treatment with focus of addressing unmet patient needs. We also advocate public private partnerships to deliver larger social good.

   (b) Pioneers in advanced technology: We have been pioneers in commercialization of high-end technologies with respect to oncology in India. Our application of ground-breaking technology has enabled us to emerge as one of the leading cancer care hospital in India. Across our network, we adopt technology-centric approach to accurately diagnose and treat our patients. Adoption of these technologies has enabled us to provide surgical, radiation, medical oncology and diagnostic facilities all under one roof. It also enables us to ensure that the clinical services provided across our network are efficient, effective, appropriate, evidence-based and affordable.

   (c) Helping tobacco farmers grow alternative crops: India is the second largest consumer of tobacco in the world accounting for almost half of all oral cancers and the highest burden of tuberculosis globally. With this trend, it is estimated that tobacco will cause ~13% of total deaths by 2020 in India. India is also the third largest producer of tobacco in the world, with Karnataka, Andhra Pradesh, Gujarat and UP accounting for almost 80% of the total production. In order to address this issue, we at HCG initiated to work towards the cause of the problem i.e. tobacco cultivation. Our Antardhwani, HCG's independent non-partisan think tank, is all set to launch the country's first of- its-kind alternative farming project started during June-July 2019 in Mysore / Hunsur region. The project will involve a select group of tobacco farmers who are assisted to grow primarily sandalwood besides other seasonal vegetables and fruits in their agricultural land.

2. Are the programmes/projects undertaken through in-house team/own foundation / external NGO/government structures/any other organization?

   In-house team and external NGO/government structures

3. Have you done any impact assessment of your initiative?

   A Study conducted by SEO Amsterdam Economics, commissioned by a third party, evaluates the socioeconomic development impact of HCG. The accompanying 'Theory of Change' illustrates how HCG is expected to improve health outcomes through its improvements in access, quality of care, and health sector standards; while also adding economic value by directly and indirectly supporting jobs in many sectors.

4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.

   To boost early detection of Cancer, we have been conducting various programs including screening camps to spread awareness on symptoms and best practices, and recommend accurate treatment of cancer. We are actively looking to use new-age technologies, data analytics to detect risk and disease earlier and maintain engagement with patients inside and outside hospitals through digital tools.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

(a) At the level of patients' health, the available evidence suggests that HCG has made an important contribution towards improving the quantity and quality of health outcomes.

(b) At the level of health sector, it is creating an impact with improved access to oncology care (including via hub-and- spoke model), improving quality of cancer care and setting new standards in clinical care through its state-of-the-art investments and quality system.

(c) At the level of wider economy, HCG continues to provide employment to more than 48,000 people (directly and indirectly) across its network of operations. With this it is creating an overall.

(d) positive impact on job creation for doctors and nurses, not only increasing labour demand but also increasing labour supply.

According to the study, the quality indicators collected by HCG suggest that experienced quality of care is high at HCG. This is reflected as a part of the internal analysis where we collate data to arrive at an average outpatient satisfaction ratio and an average inpatient satisfaction ratio. This ratio is higher than some global comparators, for example the United Kingdom National Health Services hospitals.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   There are 17 cases which are pending before consumer forums and civil courts pertaining to customers as on the end of financial year, which are in different stages of trial.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

   Company is a healthcare service provider and hence this question is not applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   Nil.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   We strive to build a patient-centric and innovation driven business model that brings better health and brighter future for people. To achieve the same, we have established a platform wherein we take feedback from our patients to gain better insights into their experience, improve patient engagement, and recover any gap in service quality.

   The Company collects patient feedback (OP, IP and Day-care patients) through Patient Smile application. Feedback is also collected through the website and reviewed by the Company. through this application HCG monitors Service excellence through of NPS (Satisfaction index), Google reviews, Website reviews. Service recovery through understanding pain points, mapping process efficiency of service recovery from areas like IP, OP and Day-care Chemotherapy.

Standalone

Financial Statements

Independent Auditors' Report

To the Members of **HealthCare Global Enterprises Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of HealthCare Global Enterprises Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters.

The key audit matter	How the matter was addressed in our audit
Assessment of the Going Concern assumption Refer note 2(b) to the standalone financial statements The Company has incurred losses in the current year and as at the balance sheet date, the Company's current liabilities exceeds its current assets. The Company has prepared the standalone financial statements on a going concern basis. As part of the assessment of the going concern assumption used in the preparation of the standalone financial statements, the Company has considered its cash flow projections and financing plan (including primary equity raised subsequent to balance sheet date) after taking into account the impact of Covid 19 pandemic. In view of the highly uncertain economic environment and given the significant level of judgement involved in such assessment, we have determined this to be a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtained the cash flow forecast of the Company and evaluated the reasonableness of key assumptions used in the forecast with reference to our understanding of their business and industry, historical trends and underlying business strategies and growth plans; • Assessed the plans to meet the cash flow requirements: – Understood the extent of committed and discretionary forecasted expenditure. – Evaluated the terms of the bank loans and trade finance facilities and assessed availability of funds as per projected cash flows to meet repayment of term loans and payment of interest as scheduled. – Evaluated the adequacy of projected sources of funds, including primary equity raised subsequent to balance sheet date, to discharge the obligations of the Company. • Performed sensitivity analysis of the key assumptions including the possible effects of Covid 19. • Assessed the adequacy of disclosures in the standalone financial statements in accordance with the relevant accounting standards.

The key audit matter	How the matter was addressed in our audit
Impairment of goodwill and investments in subsidiaries A. *Impairment of investments in subsidiaries* Refer note 3(r), note 8, and note 31 to the standalone financial statements. Investments in subsidiaries is a significant item on the balance sheet for which the Company assesses at each reporting date if there is an indication, based on either internal or external sources of information, that investments in subsidiaries may be impaired. Where such indicators exist, the Company performs impairment testing. In performing such impairment assessment, the Company compares the carrying value of investments with their respective recoverable value to determine whether any impairment loss should be recognised. This involves using key assumptions including estimates of revenue growth rate, terminal growth rate, profitability and the discount rate. In view of the significance of the carrying amounts of these assets and significant judgments (including the impact of Covid 19) required to compute recoverable value, we have determined this to be a key audit matter. B. *Impairment of goodwill* Refer note 3(h)(ii), note 3(m)(ii), note 6 and note 6A to the standalone financial statements. Goodwill is a significant item on the standalone balance sheet for which the Company performs impairment testing at least annually. In performing such impairment assessment, the Company compares the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill has been allocated with its respective recoverable value, to determine whether any impairment loss should be recognised. The Company's process of assessment of impairment of goodwill is complex as it involves significant judgements and assumptions to estimate the recoverable amount including estimates of revenue growth rate, terminal growth rate, profitability and the discount rate. Due to the significance of the carrying amount of goodwill and significant judgments (including the impact of Covid 19) required to compute recoverable value, we have determined this to be a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the appropriateness of accounting policy for impairment of investment in subsidiaries/ goodwill as per relevant accounting standard. • Evaluated the design and implementation of key internal financial controls relating to impairment process and tested the operating effectiveness of such controls; • Evaluated the assessment of impairment indicators with respect to investments in subsidiaries, considering internal or external sources of information, as performed by the Company. • We assessed the adequacy of level of impairment by: - evaluating with the help of our valuation specialists, where required, appropriateness of the valuation methodology and of key assumptions, specifically those relating to revenue growth rates, profitability, discount rates and terminal growth rates with reference to our understanding of their business and industry, historical trends and underlying business strategies and growth plans; - performing sensitivity analysis of the key assumptions including the possible effects of Covid 19. • Assessed the adequacy of disclosures in the standalone financial statements in accordance with the relevant accounting standards.
Transition to Ind AS 116 'Leases' with effect from 01 April 2019 Refer Note 3(b) and Note 7 to the standalone financial statements. The Company, as a lessee, has entered into lease contracts mainly relating to the hospital buildings and office premises with different lease terms including the options to extend or terminate the leases. During the current year the Company has adopted Ind AS 116, Leases ('Ind AS 116'), the new standard on lease accounting.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the appropriateness of the accounting policy for leases as per relevant accounting standard with special reference to methodology of the selected transition approach to this standard.

The key audit matter	How the matter was addressed in our audit
Ind AS 116 introduces a new lease accounting model wherein lessee is required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. The Company has opted for the modified retrospective approach method for transition to Ind AS 116. Therefore, the cumulative effect, if any, of implementing Ind AS 116 up to 01 April 2019 is recognised as an adjustment to the opening balance of retained earnings as at that date and the comparative financial information is not restated. The assessment of the impact of transition to Ind AS 116 is significant to standalone financial statements as it involves selection of the transition option and identification and processing all relevant data associated with the leases which is complex and voluminous. Adoption of the standard involves significant judgements and estimates including, determination of the appropriate discount rates and the lease term (including termination and renewal options) for measurement of the ROU asset and lease liability. In view of the above, the adjustments arising from the first-time adoption of Ind AS 116 are considered as a key audit matter.	* Evaluated the design and implementation of the key internal financial controls in relation to lease identification, assessment of the terms and conditions of lease contracts and the calculation of the related lease liability and ROU asset and tested the operating effectiveness of such controls on randomly selected transactions; * Tested completeness of the underlying lease data and Ind AS 116 adjustments, by reconciling the Company's operating lease commitments as per the standalone financial statements as at 31 March 2019 to data used in computing the ROU assets and related lease liabilities. * For specific samples selected: - Evaluated the reasonableness of Company's key judgements and estimates made in preparing the transition adjustments, specifically in relation to the lease term and discount rate. Also took assistance of our valuation specialists to evaluate the reasonableness of the discount rates used in computing the lease liabilities. - Evaluated the computation of the ROU asset and lease liability recognised on transition by examining the original lease agreements and re- performing the calculations after considering the impact of the variable lease payments, if any. * Assessed the adequacy of the disclosures relating to leases including disclosures relating to transition in the standalone financial statements in accordance with the relevant accounting standard.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income/loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 of 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 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.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

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

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

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 33 to the 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 disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 08 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Amit Somani
Partner
Membership No.060154
UDIN: 20060154AAAAGU5858

Place: Bengaluru
Date: 28 July 2020

Annexure- A to the Independent Auditor's Report of HealthCare Global Enterprises Limited

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except the following immovable properties:

Total number of cases	Gross block (₹ in million)	Net Block (₹ in million)	Remarks, if any
Freehold land -3 cases	132.08	132.08	Company is in the process of obtaining registration.
Building – 3 cases	450.14	342.25	The buildings referred to here are on the freehold land referred above.

ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) The Company has granted loans to two companies and a Limited Liability Partnership ('LLP') covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").

(a) In our opinion and according to the information and explanations given to us, the terms and conditions on which the loans had been granted to a company and a LLP listed in the Register maintained under Section 189 of the Act were not, prima facie prejudicial to the Company's interest.

(b) According to the information and explanations given to us, for the loans granted, terms and conditions with respect to repayment of principal and payment of interest are not stipulated. We are therefore unable to make specific comment on the regularity of repayment of principal and payment of interest.

(c) For similar reasons as explained in (iii) (b) above, in relation to these loans, we are unable to make a specific comment on amounts being overdue for more than ninety days. During the earlier years, due to the adverse business performance of a subsidiary company, the outstanding loan was fully provided for.

(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 Act, with respect to the loans given, investments made, guarantees and securities given.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Goods and Services tax, duty of Customs, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. However, undisputed income tax (tax deducted at source) and Provident Fund have not been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. Further as explained to us, the Company did not have any dues on account of Sales tax, Service tax, Duty of excise and Value added tax during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income Tax or sales Tax or service Tax or duty of customs or duty of excise or value added tax or goods and service tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the statute	Nature of the dues	Amount (₹ in million) #	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	2.50 (0.4)*	Financial year 2011-12 to financial year 2014-15	High Court of Judicature at Hyderabad, for the state of Telangana and the state of Andhra Pradesh
The Central Excise Act, 1944	Excise duty	15.20 (0.6)*	April 2009 to March 2014	Central Excise, Customs and Service Tax Appellate Tribunal (CESTAT)
The Central Excise Act, 1944	Excise duty	13.14	March 2013 to June 2015	Commissioner (Appeals) of Central Excise
The Karnataka Value Added Tax Act, 2003	Value Added Tax	29.90 (10.36)*	Financial year 2013-14 to financial year 2014-15	Joint Commissioner, Department of Commercial Taxes, Bangalore
The Central Sales Tax Act, 1956	Value Added Tax	18.87 (11.29)*	Financial year 2014-15 to financial year 2016-17	Deputy Commissioner of Commercial Taxes, Bangalore

* represents amount paid under protest

the amounts disclosed above includes interest and penalties demanded, wherever applicable.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of preferential allotment of shares during the year. Further, according to the information and explanations given to us and based on our examination of the records of the Company, we report that the amount raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Amit Somani
Partner
Membership No.060154
UDIN: 20060154AAAAGU5858

Place: Bengaluru
Date: 28 July 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of HealthCare Global Enterprises Limited for the year ended 31 March 2020.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2(A)f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of HealthCare Global Enterprises Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Amit Somani
Partner
Membership No.060154
UDIN: 20060154AAAAGU5858

Place: Bengaluru
Date: 28 July 2020

Standalone Balance Sheet as at

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	5,381.95	4,916.37
(b) Capital work-in-progress	5	436.11	1,041.14
(c) Right-of-use assets	7	2,998.00	-
(d) Goodwill	6	484.52	484.52
(e) Other intangible assets	6	278.86	66.97
(f) Financial assets			
(i) Investments	8	3,161.29	2,990.36
(ii) Loans receivable	9	536.74	452.32
(iii) Other financial assets	10	868.81	793.20
(g) Deferred tax assets (net)	32.3	153.06	31.42
(h) Income tax assets (net)	32.4	662.62	464.19
(i) Other non-current assets	11	321.39	489.21
Total non-current assets		**15,283.35**	**11,729.70**
Current assets			
(a) Inventories	12	125.14	163.40
(b) Financial assets			
(i) Trade receivables	13	1,523.18	1,455.99
(ii) Cash and cash equivalents	14	151.37	85.40
(iii) Loans receivable	9	57.28	128.39
(iv) Other financial assets	10	318.12	241.39
(c) Other current assets	11	230.73	231.50
Total current assets		**2,405.82**	**2,306.07**
TOTAL ASSETS		**17,689.17**	**14,035.77**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	886.91	879.19
(b) Other equity	16	5,258.15	5,568.00
Total equity		**6,145.06**	**6,447.19**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	3,149.54	3,461.49
(ii) Lease liabilities	7	3,282.92	-
(iii) Other financial liabilities	18	76.62	297.53
(b) Provisions	20	53.69	43.90
(c) Other non-current liabilities	19	214.95	119.11
Total non-current liabilities		**6,777.72**	**3,922.03**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	1,039.88	499.88
(ii) Lease liabilities	7	109.50	-
(iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		0.06	1.39
Total outstanding dues of creditors other than micro enterprises and small enterprises		991.33	1,062.03
(iv) Other financial liabilities	18	2,366.55	1,848.33
(b) Other current liabilities	19	183.64	194.41
(c) Provisions	20	75.43	60.51
Total current liabilities		**4,766.39**	**3,666.55**
TOTAL EQUITY AND LIABILITIES		**17,689.17**	**14,035.77**
Significant accounting policies	**3**		

The accompanying notes are an integral part of these standalone financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

for **and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Standalone Statement of Profit and Loss for the years ended

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
I INCOME			
Revenue from operations	22	6,883.34	6,404.99
Income from government grant	23	12.42	9.26
Other income	24	108.63	125.50
Total Income (I)		**7,004.39**	**6,539.75**
II EXPENSES			
Purchases of medical and non-medical items		1,427.54	1,525.40
Changes in inventories	25	38.22	7.67
Employee benefits expense	26	1,426.91	1,303.21
Finance costs	27	829.94	478.10
Depreciation and amortisation expense	28	794.06	471.72
Other expenses	29	2,833.42	2,628.00
Total expenses (II)		**7,350.09**	**6,414.10**
III (Loss)/ profit before exceptional items and tax (I- II)		**(345.70)**	**125.65**
IV Exceptional items	31	**308.91**	-
V (Loss)/ profit before tax (III-IV)		**(654.61)**	**125.65**
VI Tax expense:			
(1) Current tax credit	32.1	-	(28.30)
(2) Deferred tax	32.1	(121.64)	81.50
Total taxes (credit)/ expense		**(121.64)**	**53.20**
VII (Loss)/ profit for the year (V-VI)		**(532.97)**	**72.45**
VIII Other comprehensive loss			
(i) Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans	37.2	(8.82)	1.20
- Income tax effect on (i) above	32.2	3.08	(0.40)
(ii) Items that will be reclassified to profit or loss			
- Effective portion of gain/ (loss) on hedging instruments in a cash flow hedge	40	7.95	(64.30)
- Income tax on effect (ii) above	32.2	(2.78)	22.34
Other comprehensive loss for the year, net of tax		**(0.57)**	**(41.16)**
IX Total comprehensive (loss)/ income for the year (VII+VIII)		**(533.54)**	**31.29**
X (Loss)/ earnings per share:			
Basic (in ₹)	35.1	(6.02)	0.83
Diluted (in ₹)	35.2	(6.02)	0.82
Significant accounting policies	**3**		

The accompanying notes are an integral part of these standalone financial statements

As per our reports of even date attached

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

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Amit Somani
Partner
Membership number: 060154

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Cash Flow Statement for the years ended

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
Cash flows from operating activities			
(Loss)/ profit before tax for the year		**(654.61)**	**125.65**
Adjustments for:-			
Finance costs		829.94	478.10
Gain on investment revalued at FVTPL		(1.18)	(3.34)
Gain on sale of mutual fund		(0.54)	-
Guarantee commission income		(15.02)	(31.15)
(Gain)/ loss on disposal of property, plant and equipment		(0.08)	0.13
Trade receivable written off		25.39	-
Provision for bad and doubtful receivables		32.91	34.43
Provision for doubtful advances		8.80	-
Interest income		(68.77)	(59.66)
Income from government grant		(12.42)	(9.26)
Depreciation and amortisation expense		794.06	471.72
Expenses on employee stock option scheme		27.19	30.56
Net foreign exchange (gain)		(12.49)	(5.06)
Exceptional items:			
Provision for diminution in value of investments	31	308.91	-
Movements in working capital:			
Changes in trade receivables		(113.00)	(214.22)
Changes in inventories		38.22	7.63
Changes in loans, financial assets and other assets		(110.12)	(85.65)
Changes in trade payables, financial liabilities and other liabilities		(30.98)	391.00
Changes in provisions		15.89	16.40
Changes in other liabilities		-	(16.20)
Cash generated from operations		**1,062.10**	**1,131.08**
Income taxes paid (net of refunds)		(198.70)	(261.20)
Net cash generated from operating activities (A)		**863.40**	**869.88**
Cash flows from investing activities			
Margin money deposits, net		18.81	(24.34)
Inter-corporate deposits paid		-	(57.00)
Proceeds from repayment of inter-corporate deposits		-	20.00
Acquisition of property, plant and equipment		(803.08)	(1,234.37)
Interest received		10.23	31.66
Investment in subsidiaries		(405.60)	(692.13)
Investment in associate		-	(5.33)
Payment of share application money		(13.85)	-
Loans to related parties		(4.81)	(6.07)
Proceeds from repayments of related party loans		-	5.40
Proceeds from disposal of property, plant and equipment		3.35	0.96
Acquisition of business, net of cash and cash equivalents		-	(70.25)
Investment in other companies		-	(51.47)
Proceeds from sale of investment in mutual funds		35.00	-
Net cash (used in) investing activities (B)		**(1,159.95)**	**(2,082.94)**

Cash Flow Statement for the years ended (continued)

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
Cash flows from financing activities $			
Proceeds from issue of equity shares, net of share issue expenses	15 & 16	203.18	0.93
Loan from related parties		402.15	-
Repayment of loan from related parties		(264.61)	-
Inter-corporate deposit received		45.00	-
Inter-corporate deposit repaid		(72.00)	-
Proceeds from borrowings		621.55	2,578.04
Repayment of borrowings		(261.17)	(1,519.70)
Repayment of principal portion of lease liability		(38.00)	-
Interest paid on lease liability		(274.64)	-
Interest and other borrowing cost paid		(389.04)	(396.45)
Net cash (used in)/ generated from financing activities (C)		**(27.58)**	**662.82**
Net decrease in cash and cash equivalents (A+B+C)		**(324.13)**	**(550.24)**
Cash and cash equivalents at the beginning of the year		(414.48)	135.76
Cash and cash equivalents at the end of the year		**(738.61)**	**(414.48)**

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	12.81	6.39
(b) Cheques, drafts on hand	0.89	2.48
(c) Balance with bank		
In current accounts	136.56	74.33
In EEFC accounts	1.11	2.20
Cash and cash equivalents as per balance sheet	**151.37**	**85.40**
Less: Bank overdrafts and repayable on demand (refer note 17)	(889.98)	(499.88)
Cash and cash equivalents as per standalone statement of cash flows	**(738.61)**	**(414.48)**

Cash Flow Statement for the years ended

$ Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	Term loan and deferred payment obligation	Short term borrowing (other than bank overdraft)	Other borrowing cost	Total
Debt as at 01 April 2019	3,165.84	-	-	3,165.84
Interest accrued as at 01 April 2019	15.12	-	-	15.12
Cash flows including interest and other borrowing cost	**91.73**	**137.54**	**(120.39)**	**108.88**
- Interest and other borrowing cost*	350.47	12.36	161.50	524.33
- Non cash transactions	213.51	-	-	213.51
Interest accrued	-		(41.11)	(41.11)
Debt as at 31 March 2020	**3,836.67**	**149.90**	**-**	**3,986.57**

*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

Finance lease have been reclassified to Lease Liability on transition to Ind AS 116, Leases (refer note 7).

$ Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	Term loan and deferred payment obligation	Finance lease	Other borrowing cost	Total
Debt as at 01 April 2018	2,062.21	555.17	-	2,617.38
Interest accrued as at 01 April 2018	13.95	107.55	-	121.50
Cash flows including interest and other borrowing cost	**874.06**	**(67.17)**	**(145.00)**	**661.89**
- Interest and other borrowing cost*	217.06	81.25	179.79	478.10
- Non cash transactions	13.68	-	(34.79)	(21.11)
Interest accrued	(15.12)	(121.63)	-	(136.75)
Debt as at 31 March 2019	**3,165.84**	**555.17**	**-**	**3,721.01**

*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

Significant accounting policies **3**

The accompanying notes are an integral part of these standalone financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

for **and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Standalone Statement of Changes in Equity for the years ended 31 March 2020 and 31 March 2019

a. Equity share capital

Particulars	No of Shares	(₹ in million)
Balance as at 01 April 2018	86,904,473	869.04
Changes in equity share capital during the year		
(a) Issue of equity shares pursuant to preferential allotment (refer note 15.1)	934,500	9.35
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(c))	80,060	0.80
Balance as at 31 March 2019	**87,919,033**	**879.19**
(a) Issue of equity shares pursuant to preferential allotment (refer note 15.1)	710,526	7.11
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(c))	61,070	0.61
Balance as at 31 March 2020	**88,690,629**	**886.91**

b. Share pending issuance

Particulars	(₹ in million)
Balance as at 01 April 2018	299.75
Less: Share issued during the year (refer note 15.1)	(299.75)
Balance as at 31 March 2019	-

c. Other equity

(₹ in million)

Particulars	Note No.,	Reserves and surplus			Amalgamation adjustment deficit account	Items of other comprehensive income		Total other equity
		Securities premium	Share options outstanding account	Retained earnings		Cash flow hedging reserve	Remeasurement of the defined benefit plan	
Balance as at 01 April 2018		**5,284.88**	**37.08**	**(90.59)**	**(13.91)**	**-**	**(1.85)**	**5,215.61**
Profit for the year		-	-	72.45	-	-	-	72.45
Other comprehensive (loss)/ income for the year (net of tax)		-	-	-	-	(41.96)	0.80	(41.16)
Total comprehensive income		**-**	**-**	**72.45**	**-**	**(41.96)**	**0.80**	**31.29**
Transactions recorded directly in equity						-		
Premium on shares issued during the year	16.1	290.63	-	-	-	-	-	290.63
Share issue expenses incurred during the year	16.1	(0.09)	-	-	-	-	-	(0.09)
Transferred to Securities premium account on exercise of ESOPs	16.2	11.93	(11.93)	-	-	-	-	-
Expense on employee stock option scheme		-	30.56	-	-	-	-	30.56
Balance as at 31 March 2019		**5,587.35**	**55.71**	**(18.14)**	**(13.91)**	**(41.96)**	**(1.05)**	**5,568.00**
Loss for the year		-	-	(532.97)	-	-	-	(532.97)
Other comprehensive (loss)/ income for the year (net of tax)		-	-	-	-	5.17	(5.74)	(0.57)
Total comprehensive (loss)/ income		**-**	**-**	**(532.97)**	**-**	**5.17**	**(5.74)**	**(533.54)**

Standalone Statement of Changes in Equity for the years ended 31 March 2020 and 31 March 2019

c. Other equity (Contd..)

(₹ in million)

Particulars	Note No.,	Reserves and surplus			Amalgamation adjustment deficit account	Items of other comprehensive income		Total other equity
		Securities premium	Share options outstanding account	Retained earnings		Cash flow hedging reserve	Remeasurement of the defined benefit plan	
Transactions recorded directly in equity								
Premium on shares issued during the year	16.1	195.46	-	-	-	-	-	195.46
Share issue expenses incurred during the year	16.1	(0.07)	-	-	-	-	-	(0.07)
Transferred to Securities premium account on exercise of ESOPs	16.2	13.51	(13.51)	-	-	-	-	-
Expense on employee stock option scheme (including ESOP given to employees of subsidiaries cross charged, refer note 44)		-	28.30	-	-	-	-	28.30
Balance as at 31 March 2020		**5,796.25**	**70.50**	**(551.11)**	**(13.91)**	**(36.79)**	**(6.79)**	**5,258.15**

Securities premium
Securities premium is used to record the premium on issue of equity shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding Account
The Company has employee stock option plans for eligible employees of the Company and its group companies. refer note 38 for further details on these plans. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Retained earnings
Retained earnings represent the amount of accumulated earnings of the Company.

Amalgamation adjustment deficit account
It represents excess of consideration over carrying value of net assets (including reserves) in case of common control business combination. This amount will be adjusted in determining the surplus available for dividend distribution.

Cash flow hedging reserve
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

Remeasurement of defined benefit plan
This represents the actuarial gain and losses on defined benefit plan.

Significant accounting policies **3**

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As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

for **and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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 31 March 2020 were approved by the Board of Directors and authorised for issue on 28 July 2020.

2 Basis of preparation of the financial statements

(a) 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.

(b) Going concern basis and impact of Covid-19

The COVID-19 pandemic has been rapidly spreading throughout the world, including India. Governments around the world have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities including travel. Consequently, the scale of operations has reduced significantly, inter-state and intra-state movement restrictions have impacted both the patient's footfall and the healthcare workers. As a result of the lockdown, the likely revenue from mid-March 2020 and onwards has been impacted. Continued lockdowns are likely to impact the Company operationally including its new projects.

The Company has incurred losses in the current year and as at the balance sheet date, the Company's current liabilities exceeds its current assets. Management believes that it has taken into account the possible impacts of known events arising from COVID-19 pandemic in the preparation of the standalone financial statements including but not limited to its assessment of Company's liquidity and going concern and various estimates in relation to the standalone financial statements captions upto the date of adoption of standalone financial statements by the Board of Directors. Subsequent to the balance sheet date, the Company has received ₹ 5,128 million on issue of Equity shares and Warrants and the Company has prepared the standalone financial statements on Going concern basis (refer note 48a). Given the nature and duration of COVID-19, its impact on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

(c) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts are in Indian Rupees million except share data and per share data, unless otherwise stated.

(d) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement
Derivative financial instrument	Fair Value
Net defined benefit (asset)/liability	Fair Value of plan assets less present value of defined benefit obligations

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.

(e) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

Application of accounting policies that require critical accounting estimates involving judgments and the use of assumptions in the standalone financial statements have been disclosed below:

Judgements

- Note 7 - Leasing arrangements :

Evaluation whether an arrangement qualifies to be a lease based on the requirements of the relevant standard.

Identification of a lease requires significant management judgment.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

- Note 5 - Property, plant and equipment:

  Timing of capitalisation and nature of cost capitalised.

- Note 18 : Supplier factoring facility :

  Whether the arrangement is financing in nature.

Assumptions and estimation uncertainties

- Note 7 - Leasing arrangements :

  Determination of lease term and discount rate

- Note 5 - Estimation of useful life of property, plant and equipment

- Note 40 & 8 - Impairment of financial assets :

  Key inputs considered i.e. discount rate, growth rate and profitability

- Note 32 - Deferred tax balances (net) :

  Timing and level of future taxable profit

- Note 33 - Recognition and measurement of provisions and contingencies:

  key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 37 - Employee benefit plans: key actuarial assumptions.

- Note 6- Goodwill impairment assessment :

  Key inputs considered i.e. discount rate, growth rate and profitability

- Note 41 and 13 - Expected credit loss :

  Forward adjustment to the collected trend

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, goodwill, investments, allowance for trade receivables and the net realisable values of other assets. Refer note (b) above.

(f) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company's has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the chief financial officer. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company's uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company's recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Summary of significant accounting policies

(a) Revenue recognition

Medical services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. As per Ind AS 115, "Revenue fron contracts with customers", revenue from hospital services are recognized as and when services are performed, unless significant future uncertainties exist. The Company assess the distinct performance obligation in the contract and measures to at an amount that reflects the consideration it expects to receive net of tax collected and remitted to Government and adjusted for discounts and concession. The Company based on contractual terms and past experience determines the performance obligation satisfaction over time. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

Sale of medical and non-medical items

Pharmacy Sales are recognised when the control of the products being sold is transferred to the customer and

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

no significant uncertainties exist regarding the amount of consideration that will be derived from the sale of goods as regarding its collection. 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.

Other operating revenue

Other operating revenue comprises revenue from various ancillary revenue generating activities like facilitation of training programmes, operations and maintenance arrangements and research projects as per the management agreement with other entities. The service income is recognised only once the services are rendered, there is no unfulfilled performance obligation as per the terms of agreement and no significant future uncertainties exist.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The Company recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer.

Disaggregation of revenue

The Company disaggregates revenue from hospital services (medical and healthcare services), sale of medical and non-medical items and other operating income. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of Company's revenues and cash flows are affected by industry, market and other economic factors.

Dividend and interest income

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. Dividend income is recognised when the Company's right to receive dividend is established.

(b) Leases

Policy applicable with effect from 01 April 2019

Company as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning from 01 April 2019 using the modified retrospective method where right of use of asset is recognised equal to lease liability recognised on the date of initial application (01 April 2019). Accordingly, the Company has not restated comparative information.

Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

On transition, the Company has applied following practical expedients:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.

- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of -use-asset at the date of transition.
- Grandfathered the assessment of which transactions are, or contain leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- Relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company has also applied recognition exemptions of short-term leases to all categories of underlying assets. On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. Refer note 7 for details on impact due to Ind AS 116 application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. Also, the payments made for the lease arrangements has changed from operating activities to financing activities in the current year.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

Policy applicable before 01 April 2019

Refer note 3 – Significant accounting policies – Leases in annual report of the Company for the year ended 31 March 2019, for the policy as per Ind AS 17, the previous standard on leases.

(c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions or an average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for exchange differences arising from translation of long-term foreign currency monetary items recognised in the standalone financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to 01 April 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.

(d) 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.

(e) Employee benefits

Defined benefit plan

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'.

Defined contribution plan

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Company records an obligation for such compensated absences in

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for the year ended 31 March 2020

the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Share-based payment transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model and Company's estimate of equity instruments that will vest. That cost is recognised, together with a corresponding increase in share-options together with a corresponding increase in share-options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

(f) Taxation

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

(i) Current tax

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

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone 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 and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum alternative tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future years. Ind AS 12, Income Taxes defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

(g) Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

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for the year ended 31 March 2020

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Asset category	Useful life as per the management	As per schedule II of Companies Act, 2013
Buildings	60 years	60 years
Plant and Medical Equipment	10-15 years	10-15 years
Data processing equipment	3-6 years	3-6 years
Electrical installations	10 years	10 years
Furniture and fixtures	10 years	10 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years

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

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

Freehold land is not depreciated.

(h) Intangible assets

(i) 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.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Asset category	Useful Life
Computer software	3 years
Software for plant and machinery	13 years

(ii) Goodwill

Goodwill arising on a business combination is initially measured at excess of purchase consideration over fair value of identified net asset taken over. Subsequent measurement is at initial recognition less any accumulated impairment losses.

(i) Government grants

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

(j) Inventories

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

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

(k) 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,

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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).

Onerous contracts

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

(l) Financial instruments

a. *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Notes to the Standalone Financial Statements

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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows

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from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

f. Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and accumulated in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss.

The Company designates only the changes in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contract ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(m) Impairment

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

The Company assesses at each date of balance sheet, whether a financial asset or a Company of financial assets is impaired. Ind AS 109 - Financial Instruments 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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.

Allowance for credit losses on receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates.

(ii) Non-financial assets

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.

(n) Earnings per share (EPS)

Basic earnings per share are computed by dividing profit 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 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.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

(p) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregate. Bank overdrafts and investment in liquid mutual funds are classified as cash and cash equivalents for the purpose of cash flow statement, as they form an integral part of an entity's cash management.

(q) Cash and cash equivalents

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

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

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(r) Investment in subsidiaries and joint ventures

(i) Initial recognition

The acquired investment in subsidiaries and joint ventures are measured at acquitions date fair value

(ii) Subsequent measurement

Investment in equity shares of subsidiaries and joint ventures are accounted either;

(a) at cost, or

(b) in accordance with IND AS 109, financial instruments

The Company has elected to account its subsidiaries and joint ventures at cost less accumulated impairment losses, if any.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis.

(t) Reverse factoring arrangement

Under this arrangement the vendors and suppliers of the Company discounts the invoices payable to them by Company. On maturity of the discounting period, the factor (underying banker) debits the bank account of the Company. The related interest is borne by the vendors and suppliers and this arrangement is not a utilisation of the sanction limit available to the Company.

The invoices discounted by the vendor and due to be settled by the Company is shown separately from "Trade Payable" as "Supplier Factoring Facility"

The discounting of invoices by supplier and vendor is considered as non-cash transactions and settlement by the Company on due date as "operating activity"

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

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5 Property, plant and equipment and capital work-in-progress

(₹ in million)

Description of assets	Freehold Land	Buildings - owned	Buildings - leased	Leasehold improvements	Plant and medical equipment - owned	Office equipment	Furniture and fixtures	Data processing equipments	Electrical installation	Vehicles	Total	Capital work in progress
I. Gross block												
Balance as at 01 April 2018	**402.86**	**676.70**	**476.82**	**380.08**	**3,139.02**	**64.06**	**83.62**	**62.98**	**31.81**	**27.26**	**5,345.21**	**791.11**
Additions* $ (refer note 19)	-	14.03	4.21	129.95	732.60	4.94	32.78	20.12	21.29	-	959.92	1,132.88
Disposals	-	-	-	-	(0.01)	(0.28)	(0.39)	-	-	(1.06)	(1.74)	(33.82)
Exchange fluctuation	-	-	-	-	9.75	-	-	-	-	-	9.75	-
Capitalisation during the year	-	-	-	-	-	-	-	-	-	-	-	(849.03)
Balance as at 31 March 2019	**402.86**	**690.73**	**481.03**	**510.03**	**3,881.36**	**68.72**	**116.01**	**83.10**	**53.10**	**26.20**	**6,313.14**	**1,041.14**
Transition impact of Ind AS 116 (Refer note 7)	-	-	(481.03)	-	-	-	-	-	-	-	(481.03)	-
Restated balances as on 01 April 2019	**402.86**	**690.73**	**-**	**510.03**	**3,881.36**	**68.72**	**116.01**	**83.10**	**53.10**	**26.20**	**5,832.11**	**1,041.14**
Additions* $ (refer note 19)	-	98.95	-	284.20	967.44	4.12	21.83	17.39	25.63	0.69	1,420.25	726.70
Disposals	-	-	-	(0.01)	(8.08)	(2.50)	(1.01)	(0.22)	-	(1.10)	(12.92)	-
Exchange fluctuation	-	-	-	-	9.42	-	-	-	-	-	9.42	-
Capitalisation during the year	-	-	-	-	-	-	-	-	-	-	-	(1,331.73)
Balance as at 31 March 2020	**402.86**	**789.68**	**-**	**794.22**	**4,850.14**	**70.34**	**136.83**	**100.27**	**78.73**	**25.79**	**7,248.86**	**436.11**
II. Accumulated depreciation and impairment												
Balance as at 01 April 2018	**-**	**44.57**	**50.97**	**71.46**	**682.51**	**22.26**	**31.72**	**30.07**	**16.09**	**4.82**	**954.47**	**-**
Eliminated on disposal of assets	-	-	-	-	(0.01)	(0.19)	(0.13)	-	-	(0.32)	(0.65)	-
Depreciation expense	-	14.25	20.21	31.39	326.33	11.47	15.51	15.88	4.41	3.50	442.95	-
Balance as at 31 March 2019	**-**	**58.82**	**71.18**	**102.85**	**1,008.83**	**33.54**	**47.10**	**45.95**	**20.50**	**8.00**	**1,396.77**	**-**
Transition impact of Ind AS 116 (Refer note 7)	-	-	(71.18)	-	-	-	-	-	-	-	(71.18)	-
Restated balances as on 01 April 2019	**-**	**58.82**	**-**	**102.85**	**1,008.83**	**33.54**	**47.10**	**45.95**	**20.50**	**8.00**	**1,325.59**	**-**
Eliminated on disposal of assets	-	-	-	(0.01)	(7.88)	(2.28)	(1.01)	(0.08)	-	(0.53)	(11.79)	-
Depreciation expense	-	14.99	-	63.16	417.97	11.55	15.85	18.33	7.94	3.32	553.11	
Balance as at 31 March 2020	**-**	**73.81**	**-**	**166.00**	**1,418.92**	**42.81**	**61.94**	**64.20**	**28.44**	**10.79**	**1,866.91**	**-**
Net block as at 31 March 2019	**402.86**	**631.91**	**409.85**	**407.18**	**2,872.53**	**35.18**	**68.91**	**37.15**	**32.60**	**18.20**	**4,916.37**	**1,041.14**
Net block as at 31 March 2020	**402.86**	**715.87**	**-**	**628.22**	**3,431.22**	**27.53**	**74.89**	**36.07**	**50.29**	**15.00**	**5,381.95**	**436.11**

Refer note 17 for details of charge created on property, plant and equipment.

Directly attributable expenses capitalised of ₹ 169 million (31 March 19 ₹ 265.39 million). Total borrowing cost capitalised (included in directly attributable expenses) is ₹ 66.02 million (31 March 19 ₹ 30.16 million), of which ₹ 66.02 million relates to Interest on Lease Liability as per Ind AS 116, “Leases” created as per Ind AS 116 (31 March 19 ₹ Nil).

$ Additions includes government grant recognised at fair value as per Ind AS 20, accounting for accounting for government grants and disclosure of government assistance (refer note 19).

*Acquisition of Property, plant and equipment through deferred payment settlement scheme ₹ 177 million.

Impact of covid-19 (global pandemic):

The Company has considered the impact of covid-19 while assessing the recoverable value of the property, plant and equipment. However, given the nature and duration of COVID-19, its impact on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

6 Goodwill and other intangible assets

(₹ in million)

Description of assets	Goodwill (refer note (6A) below)	Other intangible assets		
		Computer software	Software for plant and machinery	Total
I. Gross block				
Balance as at 01 April 2018	**484.52**	**74.96**	**3.42**	**78.38**
Additions	-	50.99	-	50.99
Balance as at 31 March 2019	**484.52**	**125.95**	**3.42**	**129.37**
Additions	-	252.88	-	252.88
Balance as at 31 March 2020	**484.52**	**378.83**	**3.42**	**382.25**
II. Accumulated amortisation and impairment losses				
Balance as at 01 April 2018	**-**	**30.21**	**3.42**	**33.63**
Amortisation expense for the year	-	28.77	-	28.77
Balance as at 31 March 2019	**-**	**58.98**	**3.42**	**62.40**
Amortisation expense for the year	-	40.99	-	40.99
Balance as at 31 March 2020	**-**	**99.97**	**3.42**	**103.39**
Net block as at 31 March 2019	**484.52**	**66.97**	**-**	**66.97**
Net block as at 31 March 2020	**484.52**	**278.86**	**-**	**278.86**

Refer note 17 for details of charge created on intangible asset.

6A Goodwill

For the purposes of impairment testing, goodwill from business acquisition has been allocated to the Cash Generating Units (CGU) as given below:

Particulars	31 March 2020	31 March 2019
City Cancer Center (CCC) (refer note a)	484.52	484.52
Total	**484.52**	**484.52**

(a) The key assumptions used in the estimation of the recoverable amount of Goodwill are set out below:

Assumptions	31 March 2020 Values in %	31 March 2019 Values in %
Annual growth rate	-4% to 14%	10% to 20%
Terminal growth rate	5%	5%
Discount rate	13.50%	15.80%

The values assigned to the key assumptions represent management's assessment of future trends and based on historical data from both external and internal sources. Discount rate reflects the current market assessment of the risks specific to a Cash Generating Unit (CGU). The discount rate is estimated based on the capital asset pricing method for the CGU. The cash flow projections included specific estimates developed using internal forecasts. The planning horizon reflects the assumptions for short-to-midterm market developments. The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

The estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

Impact of COVID-19 (Global pandemic)

The financial projections basis which the future cash flows have been estimated, consider the increase in uncertainties due to Covid-19, reassessment of the discount rates and subjecting these variables to sensitivity analysis.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

7 Right-of-use assets

Right-of-use assets (ROU)

(₹ in million)

Description of assets	Buildings
I. Gross block	
Balance as at 01 April 2019	481.03
Additions	2,811.89
At 31 March 2020	**3,292.92**
II. Accumulated depreciation and impairment	
Balance as at 01 April 2019	71.18
Depreciation expense	223.74
At 31 March 2020	**294.92**
Net block as at 31 March 2020	**2,998.00**

The Company has lease arrangements primarily for its hospital buildings.

The aggregate depreciation expense on ROU amounting to ₹ 199.96 million is included in the "Depreciation and Amortisation expense" in the Standalone statement of Profit and Loss and ₹ 23.78 million is capitalised to Property, Plant and Equipment and Capital work-in-progress.

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

(₹ in million)

Particulars	As at 31 March 2020
Current lease liabilities	109.50
Non-current liabilities	3,282.92
Total	**3,392.42**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

(₹ in million)

Particulars	As at 31 March 2020
Less than one year	109.50
One to five years	401.90
More than five years	2,881.02

Given that primary equity raise (refer note 48a), the Company does not expect any liquidity risk with regard to its lease liabilities and these obligations would be met as and when they fall due.

Amounts recognised in Statement of profit and loss

(₹ in million)

Particulars	As at 31 March 2020
Depreciation of right-of-use assets*	223.74
Interest on lease liabilities*	371.63
Rent expenses# (refer note 30)	48.57

* Interest and depreciation expenses capitalised amounting to ₹ 66.02 million and ₹ 23.78 million respectively during current fiscal year.

During the year ended 31 March 2020, the Company incurred expenses amounting to ₹ 28.07 million towards short-term leases ₹ 20.50 million expenses towards variable rent.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

7 Right-of-use assets (Contd..)

Amounts recognised in Cash flow statement

(₹ in million)

Particulars	As at 31 March 2020
Repayment of principal portion of lease liability	38.00

Leases not yet commenced to which the Company is committed: Surat and Kochi Project

Impact of COVID-19 (Global pandemic)

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its operations base rendering the physical infrastructure redundant. The leases that the Company has entered into with lessors for buildings are long term in nature and no changes in terms of those leases have been made till the balance sheet date.

8 Investments

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A) Non current investment		
I) Investment carried at cost*		
a. Unquoted equity instruments		
(i) In subsidiary companies		
Malnad Hospital & Institute of Oncology Private Limited	6.64	6.44
(66,706 (31 March 19: 66,706) equity shares of ₹ 100/- each, fully paid up)		
Niruja Product Development and Healthcare Research Private Limited	0.50	0.50
(50,000 (31 March 19: 50,000) equity shares of ₹ 10/- each, fully paid up)		
HealthCare Global Senthil Multi-Specialty Hospital Private Limited	8.38	8.38
(92,980 (Previous year 92,980) equity shares of ₹ 100/- each, fully paid up)		
Less: Provision for diminution in value of investment (refer note 46)	(8.38)	(8.38)
Net investment post diminution in value of investment	-	-
HCG Medi-surge Hospitals Private Limited	145.32	145.09
(4,120,807 (31-March-19: 4,120,807) equity shares of ₹ 10/- each, fully paid up)		
BACC HealthCare Private Limited (refer note 10 and 18)	602.97	602.97
(46,883 (31-March-19: 46,883) Equity shares of ₹ 10/- each, fully paid up)		
HCG (Mauritius) Private Limited	24.17	24.17
(361,002 (31-March-19: 361,002) Equity shares of USD 1/- each)		
(ii) In subsidiary limited liability partnerships		
HCG Diwanchand Imaging LLP	32.47	32.47
(75% (31-March-19: 75%) of fixed capital contribution)		
Less: Provision for diminution in value of investment (refer note 31 and 46)	(9.00)	-
Net investment post diminution in value of investment	**23.47**	**32.47**
Apex HCG Oncology Hospitals LLP#	922.30	757.84
(99.90% (31-March-19: 50.01%) of fixed capital contribution)		
Less: Provision for diminution in value of investment (refer note 31 and 46)	(97.65)	-
Net investment post diminution in value of investment	**824.65**	**757.84**
#During the previous year ended 31 March 2019, Apex Criticare LLP, holding 49.90% stake in Apex HCG Oncology Hospitals LLP (Apex LLP) retired from Apex LLP and was paid an amount of ₹ 252.50 million as consideration. Pursuant to this, the Company along with its wholly owned subsidiary, Niruja Product Development and Healthcare Research Private Limited holds 100% interest in Apex LLP.		
HCG Oncology LLP	102.10	102.10

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

8 Investments (Contd..)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(74% (31-March-19: 74%) of fixed capital contribution)		
HCG NCHRI Oncology LLP	351.91	235.67
(76% (31-March-19: 76%) of fixed capital contribution)		
Less: Provision for diminution in value of investment (refer note 31 and 46)	(202.26)	-
Net investment post diminution in value of investment	**149.65**	**235.67**
HCG EKO LLP	262.74	114.12
(50.50% (31-March-19: 50.50%) of fixed capital contribution)		
The Company has entered into a non-disposal undertaking of its investment in HCG EKO LLP for a period of 10 years from the agreement execution date, except with the prior consent of other partner in writing.		
HCG Manavata Oncology LLP	494.12	489.70
(51% (31-March-19: 51%) of fixed capital contribution)		
The Company has entered into a non-disposal undertaking of its investment in HCG Manavata Oncology LLP for a period of 20 years from the agreement execution date, except with the prior consent of other partner in writing.		
HCG SUN Hospitals LLP	206.11	127.87
(74% (31-March-19: 74%) of fixed capital contribution)		
The Company has entered into a non-disposal undertaking of its investment in HCG SUN Hospitals LLP for a period of 09 years from the agreement execution date, except with the prior consent of other partner in writing.		
(iii) In joint venture		
Strand Life Sciences Private Limited	242.70	242.70
9,140,342 equity shares of ₹ 10 each, fully paid up and 42,671 equity shares of ₹ 10 each, fully paid up (31 March 2019: 9,140,342 equity shares of ₹ 10 each, fully paid up and 42,671 equity shares of ₹ 10 each, fully paid up)		
b. Unquoted compulsorily convertible preference shares		
(i) In joint venture		
Strand Life Sciences Private Limited	2.63	2.63
(101,193 Series 1 preference shares of ₹ 10/- each, fully paid up; 31-March-2019: 101,193 Series 1 preference shares of ₹ 10/- each, fully paid up)		
** Includes corporate guarantee given to subsidiaries accounted as investment*		
II) Investment carried at fair value through profit and loss (FVTPL)		
(a) In other companies		
Zoctr Health Private Limited (299 equity shares of ₹ 10/- each, fully paid up and 153 equity shares of ₹ 10/- each, fully paid up; (31-March-2019: 299 equity shares of ₹ 10/- each, fully paid up and 153 equity shares of ₹ 10/- each, fully paid up)	7.64	7.64
Suchirayu Healthcare Solutions Limited (2,055,000 equity shares of ₹ 10/- each, fully paid up; 31-March-2019: 2,055,000 equity shares of ₹ 10/- each, fully paid up) Refer note below	0.50	0.50
Note: The Company has entered into a non-disposal undertaking of its investment in Suchirayu Healthcare Solutions Limited (Suchirayu) until the closure of the loan by Suchirayu.		
International Stemcell Services Limited (10,860 equity shares of ₹ 100/- each, fully paid up; 31 March 2019: International Stemcell Services Limited (10,860 equity shares of ₹ 100/- each, fully paid up)	5.61	5.61

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

8 Investments (Contd..)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up; 31 March 2019: Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up)	10.00	10.00
Niramai Health Analytix Private Limited (10 equity shares of Re. 1/- fully paid up; 31 March 2019: (10 equity shares of Re. 1/- fully paid up)	0.07	0.07
(b) In other companies - unquoted Preference shares		
Niramai Health Analytix Private Limited (4,881 series A preference shares of ₹ 10/- each, fully paid up; 31 March 2019: 4,881 series A preference shares of ₹ 10/- each, fully paid up)	35.79	35.79
(c) Investments in mutual fund (quoted)		
Religare Invesco Short Term Fund- 3,922 units @ ₹ 3,546.66 (31-March-19: 17112.198 units @ ₹ 2,558.41)	13.91	46.48
Total non-current investments	**3,161.29**	**2,990.36**
Aggregate amount of quoted investments	13.91	46.48
Aggregate amount of Market value of investments	13.91	46.48
Aggregate amount of unquoted investments (gross)	3,464.67	2,952.26
Aggregate amount of impairment in value of investments	317.29	8.38
The market value of quoted investments is equal to the carrying value		

Impact of COVID-19 (Global pandemic)

The Company has considered the impact of COVID-19 while assessing the recoverable value of the Investments in subsidiaries and joint ventures. The financial projections and the revenue and EBITDA multiples basis which the recoverable values have been estimated, consider the increase in uncertainties due to COVID-19, reassessment of the discount rates and subjecting these variables to sensitivity analysis.

9 Loans receivable (unsecured)

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Considered good				
a) Loans to related parties (refer note 44)	227.61	19.00	241.80	-
b) Advances to employees	-	21.50	-	20.00
c) Inter-corporate deposits	105.00	-	-	105.00
d) Security deposits	204.13	16.78	210.52	3.39
Considered doubtful				
Loans to related parties (refer note 44)	30.38	-	30.38	-
Less: Allowance for bad and doubtful loans	(30.38)	-	(30.38)	-
Total	**536.74**	**57.28**	**452.32**	**128.39**

* Refer note 17 for details of charge created on current loans.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

10 Other financial assets

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Considered good				
Receivable from related parties (Refer note 44)	-	133.50	-	50.66
Share application money pending allotment (Refer note 44)	13.85	-	-	-
Unbilled revenue (Refer note 47)	-	90.75	-	98.66
Term deposits (orignial maturity more than 12 months)[1]	58.58	32.03	94.14	15.28
Interest accrued but not due on fixed deposits	5.27	2.16	4.64	0.94
Interest accrued on inter corporate deposit	26.05	3.00	-	15.90
Right to equity[#]	694.42	-	694.42	-
Interest accrued on loans (Refer note 44)	70.64	0.30	-	43.70
Interest accrued on capital contribution to LLPs (Refer note 44)	-	16.38	-	7.08
Others	-	40.00	-	9.17
Considered doubtful				
Other receivables	-	8.80	-	-
Less: Allowance for bad and doubtful advances	-	(8.80)	-	-
Total	**868.81**	**318.12**	**793.20**	**241.39**

* Refer note 17 for details of charge created on other current financial assets.

Note:

[1]Term deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees

(₹ in million)

2	Details of advances to directors and private companies in which any director is a director or a member	As at 31 March 2020	As at 31 March 2019
	Private companies in which any director is a director or member		
	- Malnad Hospital and Institute of Oncology Private Limited	2.10	4.58
	- BACC HealthCare Private Limited	-	5.78
	- HCG Medi-surge Hospitals Private Limited	6.80	-
	- HealthCare Global(Africa)Pvt Ltd	3.30	-

[#] Right to equity shares represents pending transfer of shares to the Company by the other shareholder of BACC Healthcare Private Limited on exercise of the put option right as per the shareholders agreement (refer note 18).

11 Other assets

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Unsecured, considered good				
Capital advances	271.38	-	310.83	-
Prepaid expenses	50.01	35.36	178.38	24.52
Rental advance	-	-	-	37.08
Advance to vendors (refer note 44)	-	147.88	-	130.85
Receivable from revenue authorities	-	24.84	-	26.39
Taxes paid under protest	-	22.65	-	12.66
Unsecured, considered doubtful				
Advance to vendors		27.13	-	27.13
Less: Allowance for bad and doubtful advances	-	(27.13)	-	(27.13)
	321.39	**230.73**	**489.21**	**231.50**

* Refer note 17 for details of charge created on other current assets.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

12 Inventories (lower of cost and net realisable value)*

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Medical and non-medical items	125.14	163.40
	125.14	**163.40**

*Inventories are subject to charge to secure bank loans. There are nil provision for written down to net realisable value.

13 Trade receivables*

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables (unsecured) consist of following		
a) considered good	1,523.18	1,455.99
b) considered doubtful	369.51	336.60
Allowance for doubtful debts (expected credit loss allowance - refer note 41)	(369.51)	(336.60)
	1,523.18	**1,455.99**

* Trade receivables are subject to charge to secured bank loans

Refer note 44 for related party balances

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Private companies in which any director is a director or member		
- HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	0.10	0.13
- Malnad Hospital and Institute of Oncology Private Limited	1.76	7.22
Total	**1.86**	**7.35**

14 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	12.81	6.39
(b) Cheques, drafts on hand	0.89	2.48
(c) Balance with bank		
In current accounts	136.56	74.33
In Exchange Earners Foreign Currency Account (EEFC) accounts	1.11	2.20
	151.37	**85.40**

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	12.81	6.39
(b) Cheques, drafts on hand	0.89	2.48
(c) Balance with bank		
In current accounts	136.56	74.33
In EEFC accounts	1.11	2.20
Cash and cash equivalents as per balance sheet	**151.37**	**85.40**
Less: Bank overdrafts and repayable on demand (refer note 17)	(889.98)	(499.88)
Cash and cash equivalents as per standalone statement of cash flows	**(738.61)**	**(414.48)**

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

15 Equity share capital

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital*:		
132,000,000 equity shares of ₹ 10 each (as at 31 March 2019: 132,000,000)	1,320.00	1,320.00
Issued, subscribed and paid up capital comprises:		
88,690,629 fully paid equity shares of ₹ 10 each (as at 31 March 2019: 87,919,033)	886.91	879.19

* Pursuant to the approval of the shareholders of the Company received on 12 June 2020, the authorized share capital of the Company be and is hereby increased from ₹ 1,320 million divided into 132,000,000 equity shares of ₹ 10 each to ₹ 2,000 million divided into 200,000,000 equity Shares of ₹ 10 each.

15.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

(₹ in million)

Particulars	Number of shares	Amount
Balance as at 01 April 2018	**86,904,473**	**869.04**
(a) Issue of equity shares pursuant to preferential allotment	934,500	9.35
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(c))	80,060	0.80
Balance as at 31 March 2019	**87,919,033**	**879.19**
(a) Issue of equity shares pursuant to preferential allotment	710,526	7.11
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(c))	61,070	0.61
Balance as at 31 March 2020	**88,690,629**	**886.91**

a) The shareholders of the Company, vide resolution passed in Extra Ordinary general meeting, held on 24 June 2019, approved the allotment of 710,526 equity shares of ₹ 10 each of the Company, at a price of ₹ 285 per share (including share premium of ₹ 275 per share), on Preferential Allotment basis, to Dr. Kunnathu Philipose Geevarghese. The same was approved by Board of Directors and allotted to Dr. Kunnathu Philipose Geevarghese on 25 June 2019.

b) The shareholders of the Company, vide resolution passed in Extra Ordinary general meeting, held on 29 March 2018, approved the allotment of 934,500 equity shares of ₹ 10 each of the Company, at a price of ₹ 321 per share (including share premium of ₹ 311 per share), on preferential basis, to Dr. Gopichand. The same was approved by Board of Directors and allotted to Dr. Gopichand on 09 April 2018.

15.2 Rights, preferences and restrictions attached to equity shares

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. The distribution will be in proportion to number of equity shares held by the shareholders.

15.3 Details of shareholder holding more than 5% shares of equity shares

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Fully paid equity shares				
Dr B.S Ajaikumar	17,680,921	19.94%	17,673,346	20.10%
V Sciences Investments Pte. Limited	8,320,805	9.38%	8,320,805	9.46%
Sundaram Mutual Fund	7,694,537	8.68%	6,656,557	7.57%
Buena Vista Asian Opportunities Master Fund Ltd.	2,876,237	3.24%	5,251,168	5.97%

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

15 Equity share capital (Contd..)

15.4 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 2020 and 31 March 2019

Particulars	Aggregate number of shares as at	
	31 March 2020	31 March 2019
(a) Issue of shares pursuant to mergers	1,531,562	1,531,562
(b) Issue of shares pursuant to Business combination	934,500	934,500

15.5 Number of equity shares of ₹ 10/- each reserved for issuance

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
a) to eligible employees under Employee Stock Option Scheme	2,801,973	2,863,043

16 Other equity

(₹ in million)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
Securities premium	16.1	5,796.25	5,587.35
Share options outstanding account	16.2	70.50	55.71
Retained earnings	16.3	(551.11)	(18.14)
Amalgamation adjustment deficit account	16.4	(13.91)	(13.91)
Remeasurements of the defined benefit plan	16.5	(6.79)	(1.05)
Cash flow hedging reserve	16.6	(36.79)	(41.96)
		5,258.15	**5,568.00**

16.1 Securities premium

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	5,587.35	5,284.88
Premium on shares issued during year	208.97	302.56
Share issue expenses *	(0.07)	(0.09)
Balance at end of year	**5,796.25**	**5,587.35**

* Share issue expenses of ₹ 0.07 million towards preferential allotment of 710,526 shares during the year has been debited to securities premium (31 March 2019 Share issue expenses of ₹ 0.09 million towards preferential allotment of 934,500 shares during the year has been debited to securities premium).

16.2 Share options outstanding account

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	55.71	37.08
Transferred to securities premium account on exercise of ESOPs	(13.51)	(11.93)
Deferred stock compensation expense for the year (refer note 26 and 44)	28.30	30.56
Balance at end of year	**70.50**	**55.71**

Refer note 38.

16.3 Retained earnings

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(18.14)	(90.59)
(Loss)/ profit attributable to owners of the Company	(532.97)	72.45
Balance at end of year	**(551.11)**	**(18.14)**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

16 Other equity (Contd..)

16.4 Amalgamation adjustment deficit account

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(13.91)	(13.91)
Balance at end of year	**(13.91)**	**(13.91)**

16.5 Remeasurements of the defined benefit plans

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(1.05)	(1.85)
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(5.74)	0.80
Balance at end of year	**(6.79)**	**(1.05)**

16.6 Cash flow hedging reserve

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(41.96)	-
Other comprehensive income arising from remeasurement of hedging instrument in a cashflow hedge (net of income tax)	5.17	(41.96)
Balance at end of year (refer note 40)	**(36.79)**	**(41.96)**

17 Borrowings

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Secured - at amortised cost				
(i) Term loans *				
from banks (Refer note 17.1.1)	1,763.30	119.52	1,261.99	213.24
from other parties (Refer note 17.1.2)	1,051.60	10.65	1,054.37	13.51
(ii) Vehicle loans (Refer note 17.1.5)	2.14	1.85	4.51	1.70
(iii) Loans repayable on demand *				
-from Banks (bank overdraft) (Refer note 17.1.6)	-	889.98	-	299.88
Unsecured - at amortised cost				
(i) Deferred payment liabilities (Refer note 17.1.4)	298.37	544.23	585.45	31.07
(ii) Long term maturities of finance lease obligations $			555.17	-
(iii) Loan from related parties * (refer note 17.1.8 and note 44)	-	149.90	-	-
(iv) Term loans from other parties (refer note 17.1.3)	34.13	10.87	-	-
(v) Loans repayable on demand from Banks (refer note 17.1.7)	-	-	-	200.00
Less: Amount included under "Other financial liabilites" (refer note 18)		(687.12)		(259.52)
Total	**3,149.54**	**1,039.88**	**3,461.49**	**499.88**

* Includes interest accured amounting to ₹ 8 million relating to loans repayable on demand, ₹ 7.87 million relating to term loan from others, ₹ 15.05 million relating to term loan from banks and ₹ 12.36 million relating to loan from related parties, which is clubbed under the respective loans outstanding as on 31 March 2020.

$ Reclassified to Lease Liability on transition to Ind AS 116, Leases (refer note 7).

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

17 Borrowings (Contd..)

17.1 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.

(₹ in million)

	Terms of repayment and security	As at 31 March 2020	As at 31 March 2019
17.1.1	**Term loans from banks - Secured**		
	Non-current portion *	1,808.00	1,314.48
	Amounts included under current maturities of long-term debt including accured interest	119.52	213.24
	Details of security and terms of repayment for the amounts borrowed - 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: 6 months MCLR + 0.70% to 1% p.a. - Repayable in installments over a period of 10 years after 1 year moratorium from the date of borrowing. * Non-current portion of bank debt includes an amount of ₹ 44.70 million (31 March 2019; ₹ 52.49 million) towards unamortised loan processing charges, which is netted off below"		
17.1.2	**Term loans from others - Secured**		
	Facility -1		
	Non-current portion	1,051.60	1,052.00
	Amounts included under current maturities of long-term debt	7.87	-
	Details of security and terms of repayment for the amounts borrowed: - Secured by a first pari-passu mortgage, charge and by way of hypothecation of entire immovable and movable properties of the Company; both present & future, including all movable properties. A second paripassu charge on the entire current assets, cashflow, receivables, book debts and revenue of the Company, including Trust & Retention Account / Escrow Account, of whatsover nature and arising both present & future. First pari-passu charge on entire intangible assets of the Company, including but not limited to, goodwill and uncalled capital, intellectual property, intangible assets, both present & future. - Rate of interest: IDFC's benchmark rate prevailing on the date of disbursement (8.7% p.a.)+ spread @ 1.05% p.a. - Repayable in installments over a period of 9 years after 3 year moratorium from the date of borrowing.		
	Term loans from others - Secured		
	Facility -2		
	Non-current portion	-	2.37
	Amounts included under current maturities of long-term debt	2.78	13.51
	- Secured by equipment of the company purchased out of amount financed - Rate of Interest 4.64% to 14.05% p.a. - Repayment varies between 48 to 84 monthly installments (Refer note 40)		

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

17 Borrowings (Contd..)

(₹ in million)

Terms of repayment and security	As at 31 March 2020	As at 31 March 2019
17.1.3 Term loans from others - Unsecured		
Non-current portion	34.13	-
Amounts included under current maturities of long-term debt	10.87	-
- Rate of interest: 10.60% p.a. - Repayable in installments over a period of 3 years.		
17.1.4 Deferred payment obligations - Unsecured		
Non-current portion	298.37	585.45
Amounts included under current maturities of long-term debt	544.23	31.07
- Rate of interest 3% p.a - Repayment in installments over a period of 1 to 5 years from the date of borrowing (refer note 41)		
17.1.5 Vehicle loan from bank - Secured		
Non-current portion	2.14	4.51
Amounts included under current maturities of long-term debt	1.85	1.70
- 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 (refer note 41)		
17.1.6 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) of the company. Rate of Interest: 3 months MCLR + 0.8% p.a. (spread)	889.98	299.88
17.1.7 Unsecured loan repayable on demand from banks: - Rate of Interest base rate: 12 months MCLR + 0.25% p.a. - Bullet Repayable in 6 months from the date of borrowing (revolving till 1 year from first drawing)	-	200.00
17.1.8 Unsecured loan from related parties: - Rate of Interest base rate: 11%. - It is repayable on demand	149.90	-
Less: Unamortised loan processing charges	(44.70)	(52.49)
Add: Interest accured		
Term loans	22.92	-
Others	20.36	-
Total (net of Unamortised loan processing charges)	**4,876.54**	**3,665.72**
Non-current portion	**3,149.54**	**2,906.32**
Amounts included under current maturities of long-term debt	**687.12**	**259.52**
Amounts included under current borrowings	**1,039.88**	**499.88**

Impact of COVID-19 (Global pandemic)

The Company has availed of moratorium facility offered by the Banks on payment of interest and principal installment from March 2020 till August 2020.. Further, given that primary equity raise (refer note 48a), the Company does not expect any liquidity risk with regard to its borrowing arrangements and these obligations would be met as and when they fall due.

The interest of ₹ 16.97 million has been accrued as on 31 March 2020 and not paid due to the above moratorium.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

18 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Current maturities of long-term debt *	-	142.89	-	228.45
Current maturity of deferred payment obligations *	-	544.23	-	31.07
Interest accrued not due	-	-	121.63	15.12
Creditors for capital goods	-	88.46	-	202.64
Derivative liability	12.87	65.39	106.78	3.17
Payable balance towards supplier factoring facility**	-	443.50	-	289.15
Payable for share purchase #	-	735.98	-	694.42
Accrued employee benefits (refer note 44)	-	209.15	-	200.30
Payable on acquisition of business $	-	69.26	-	69.26
Financial guarantee obligation	63.75	16.36	69.12	8.72
Advance received from subsidiaries (refer note 44)	-	23.33	-	106.03
Others	-	28.00	-	-
Total	**76.62**	**2,366.55**	**297.53**	**1,848.33**

* The details of interest rates, repayment and other terms are disclosed under note 17

The Company's exposure to liquidity risk are disclosed in note 41.

In accordance with the terms of the shareholders' agreement dated 22 March 2013 ("SHA") entered amongst the Company, BACC HealthCare Private Limited ("BACC") and the minority shareholder in BACC, the Company shall acquire the remaining 49.9% share capital of BACC from the minority shareholder as per the SHA. The consideration has been determined as per the terms of the SHA and will be settled within the period as mutually agreed between the Company and the minority shareholder (refer note 10). This also includes interest payable amounting to ₹ 41.56 million (31 March 2019 ₹ Nil).

** This represents invoices discounted by the various vendors wherein as per the terms of the arrangement on maturity these amount will be directly debited to the Company's bank account.

$ This pertains to payable to Dr. Gopichand towards business acquisition of City Cancer Centre as per the business transfer agreement dated 28 February 2018.

19 Other liabilities

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Advance from customers (refer note 47)	-	89.60	-	137.35
Balance due to statutory/government authorities	-	75.46	-	47.80
Deferred government grant (Refer note below)	214.95	18.58	103.48	9.26
Rent equalisation reserve	-	-	15.63	-
	214.95	**183.64**	**119.11**	**194.41**

Note: The Company imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, the Company is expected to meet the export obligation and it is exempted from paying customs duty on imports which is recognised as a government grant. Fair value of the government grant is capitalised along with the equipment. Deferred income is amortised over the useful life of the equipment it has been procured for. The government grant recognised as at 31 March 2020 is ₹ 119.55 million (31 March 2019: ₹ 25.76 million) and EPCG income recognised during the year is ₹ 12.42 million (31 March 2019: ₹ 9.26 million). The unfulfilled export obligation as on 31 March 2020 is ₹ 569.98 million (31 March 2019: ₹ 166 million).

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

20 Provisions

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Employee benefits				
Gratuity (Refer note 37.2)	53.69	37.46	43.90	27.77
Compensated absences	-	37.97	-	32.74
Total	**53.69**	**75.43**	**43.90**	**60.51**

21 Trade payables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 43)	0.06	1.39
Total outstanding dues of creditors other than micro enterprises and small enterprises*	991.33	1,062.03
Total	**991.39**	**1,063.42**

* For details relating to payable to related parties- refer note 44

22 Revenue from operations (refer note 47)

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Income from medical services	6,307.55	5,591.08
(b) Sale of medical and non-medical items	501.84	702.58
(c) Other operating revenues	73.95	111.33
	6,883.34	**6,404.99**

Impact of COVID-19 (Global pandemic)

The Company has evaluated the impact of Covid-19 and resultant delay, postponement and/ or cancellation of oncology, multi-specialty procedures, reduction in footfalls of patients in Out Patients. Th likely revenue from mid-March 2020 and onwards has been impacted. Continued lockdowns are likely to impact the Company operationally including its new projects.

23 Income from government grant

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
EPCG Income (refer note 18)	12.42	9.26
	12.42	**9.26**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

24 Other income

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Interest income (Refer note below)	61.77	55.35
(b) Interest income from financial assets at amortised cost	7.00	4.31
(c) Net foreign exchange gains	12.49	5.06
(d) Net gain on sale of investments in mutual funds	0.54	-
(e) Net gain on financial assets designated at fair value through profit and loss	1.18	3.34
(f) Miscellaneous income	2.55	26.29
(g) Net gain on sale property, plant and equipment	0.08	-
(h) Guarantee commission (Note 44)	23.02	31.15
	108.63	**125.50**
Interest income comprise:		
Interest on bank deposits	6.08	6.65
Interest on unsecured loan and differential contribution to subsidiaries (Refer note 44)	41.86	36.35
Interest on inter-corporate deposits	13.83	12.35
	61.77	**55.35**

25 Changes in inventories

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year	163.36	171.03
Inventories at the end of the year	125.14	163.36
Changes in inventories	**38.22**	**7.67**

26 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages (refer note 5)	1,270.54	1,154.67
Contribution to provident and other funds (Refer note 37.2)	96.47	70.44
Expense on employee stock option scheme (Refer note 16.2 and 38)	27.19	30.56
Staff welfare expenses	32.71	47.54
	1,426.91	**1,303.21**

27 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Interest costs:-		
Interest on term loan from banks and others	294.48	218.31
Interest on finance liability measured at amortised cost	41.56	5.00
Interest on bank overdraft	82.60	57.16
Interest on deferred payment obligations	19.48	11.67
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	48.88	62.40
Interest expense on lease liabilities (Gross)	371.63	81.19
Less; Capitalised in capital work-in-progress	(66.02)	-
Interest expense on lease liabilities (net)	305.61	81.19
Interest on defined benefit obligations	6.39	4.56
(b) Other borrowing costs:-	30.94	37.81
	829.94	**478.10**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

28 Depreciation and amortisation expense

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 5)	553.11	442.95
Depreciation of right-of-use assets, Gross (refer note 7)	223.74	-
Less; Capitalised	(23.78)	-
Depreciation of right-of-use assets, net (refer note 7)	199.96	-
Amortisation of intangible assets (refer note 6)	40.99	28.77
Total depreciation and amortisation expense	**794.06**	**471.72**

29 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Medical consultancy charges	1,337.72	1,196.52
Lab charges (Refer note 44)	272.65	284.57
Power and fuel, water Charges	195.56	163.40
House keeping expenses	173.49	144.94
Rent (Refer note 7)	48.57	230.33
Reparis and maintenance		
Building	14.74	13.47
Machinery	153.95	119.37
Office maintenance & Others	69.27	39.57
Insurance	10.42	9.63
Rates and taxes	47.06	13.61
Printing & stationery	26.83	28.19
Postage & telegram	22.28	27.78
Advertisement, publicity & marketing	92.48	30.51
Travelling & conveyance	84.54	73.81
Legal & professional fees	128.63	154.03
Payment to auditors (Refer note 30.1)	8.46	7.80
Trade receivable written off	25.39	-
Allowance for doubtful receivables	32.91	34.43
Allowance for doubtful advances	8.80	-
Loss on disposal of property, plant and equipment	-	0.13
Corporate social responsibility (refer note 30.2)	-	1.27
Expenditure towards share of profit	48.42	30.63
Miscellaneous expenses	31.25	24.01
	2,833.42	**2,628.00**

30.1 Payments to auditors

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Audit fees	4.40	4.40
b) Limited review	2.00	2.00
c) Out of pocket expenses and taxes on above	1.28	1.28
d) Certification services	0.78	0.12
	8.46	**7.80**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

30.2 Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has provided for as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013

(a) Gross amount required to be spent by the Company during the year is ₹ 5.60 million (2018-19: ₹ 4.44 million)

(b) Amount spent during the year ended 31 March 2020 on corporate social responsibility activities:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Construction/acquisation of any asset	-	-
On purposes other than above	-	1.27

31 Exceptional items

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for diminution in value of investment (refer note 8 and 46)		
Apex HCG Oncology Hospitals LLP (refer note a below)	97.65	-
HCG NCHRI Oncology LLP (refer note a below)	202.26	-
Diwanchand Imaging LLP (refer note a below)	9.00	
	308.91	**-**

a) The Company performed impairment assessment for all it's investment in the subsidiaries and joint ventures and recorded the impairment charge with respect to HCG NCHRI Oncology LLP amounting to ₹ 202.26 million, Diwanchand Imaging LLP amounting to ₹ 9 million and Apex HCG Oncology Hospitals LLP amounting to ₹ 97.65 million respectively. Given the continued losses incurred and primarily due to weaker forecasts due to covid-19, the recoverable amount of these investments (considering the future cash flows) were estimated to be lower than their carrying value, resulting into an impairment charge during the year ended 31 March 2020. This impairment charge has been disclosed as an exceptional item in the Statement of Profit and Loss.

32 Income tax expense

32.1 Income tax recognised in the Statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
Current tax	-	35.72
Taxes for earlier periods	-	(64.02)
	-	**(28.30)**
Deferred tax		
- MAT	-	(49.73)
- Others	(121.64)	131.23
	(121.64)	**81.50**
Total income tax expense recognised in the Statement of profit and loss	**(121.64)**	**53.20**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

32 Income tax expense (Contd..)

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:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) before tax	(654.61)	125.65
Enacted income tax rate in India	34.994%	34.994%
Computed expected tax expense	(229.07)	43.97
Effect of:		
Income not taxable	(5.20)	(10.90)
Permanent Difference and Others	5.07	20.13
Impairment provision on which deferred tax asset not recognised	107.56	-
	(121.64)	**53.20**

32.2 Income tax recognised in other comprehensive income

(₹ in million)

Particulars	31 March 2020	31 March 2019
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	3.08	(0.40)
Effective portion of loss on hedging instruments in a cash flow hedge	(2.78)	22.34
Total income tax recognised in other comprehensive income	**0.30**	**21.94**

32.3 Deferred tax balances (Net)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax assets	857.73	554.42
Deferred Tax liabilities	(704.67)	(523.00)
Total	**153.06**	**31.42**

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2020 are as follows:

(₹ in million)

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 *	(503.56)	(155.35)	-	(659.21)
Intangible assets	(19.44)	(26.02)	-	(45.46)
Sec 43B items	49.82	4.46	3.08	57.36
MAT credit entitlement	145.25	-	-	145.25
Provisions-others	138.49	14.57	-	153.06
IND AS 116*	-	137.76	-	137.76
Tax losses	201.10	102.58	-	303.68
Financial liabilities at amortised cost	19.76	43.64	(2.78)	60.62
Total	**31.42**	**121.64**	**0.30**	**153.06**

*includes impact of finance lease reclassification.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

32 Income tax expense (Contd..)

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2019 are as follows:

(₹ in million)

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	(462.02)	(41.54)	-	(503.56)
Intangible assets	(21.30)	1.86	-	(19.44)
Sec 43B items	46.86	3.36	(0.40)	49.82
MAT credit entitlement	194.98	(49.73)	-	145.25
Provisions-others	115.09	23.40	-	138.49
Tax losses	214.39	(13.29)	-	201.10
Financial liabilities at amortised cost	3.02	(5.60)	22.34	19.76
Total	**91.02**	**(81.54)**	**21.94**	**31.42**

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax ('MAT') if the tax payable under normal provisions is less than tax payable under MAT. Excess tax paid under MAT over tax under normal provision can be carried forward for a period of 15 years and can be set off against the future tax liabilities.Unabsorbed business losses expire 8 years after the year in which they originate and unabsorbed depreciation can be carried forward indefinitely unless there is a substantial change in the ownership. Tax benefits on unabsorbed business losses, unabsorbed depreciation and MAT credit entitlement have been recognised as deferred tax asset only to the extent it is probable that the future economic benefits associated with the asset will be realised.

32.4 Current tax assets

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Tax deducted at source, advance tax (net of Provision)	662.62	464.19
	662.62	**464.19**

33 Contingent liabilities

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Corporate guarantee given on behalf of subsidiaries and other parties (refer note 44 and 46)	2,555.85	1,933.84
i) Other money for which the Company is contingently liable		
Excise and service tax (Refer note 1)	28.34	28.34
Value added tax (Refer note 2)	32.40	2.50
Central Sales tax (Refer note 3)	18.87	-
b) Bonus to employees pursuant to retrospective amendment to the Payment of Bonus Act, 1965 (Refer note 4)	9.98	9.98

1. Excise Commissionerate-III, Bengaluru has passed Order against the Company adjudicating that the product Fluro-deoxy-glucose ('FDG') is excisable and levied excise duty for the period under scrutiny from April 2009 to March 2014 of ₹ 6.80 million, interest on duty amount, penalty of ₹ 6.80 million, redemption fine of ₹ 0.6 million in lieu of confiscation of goods not available. The order also imposed a penalty of ₹ 1 million on Dr. B. S. Ajaikumar, Chairman & CEO of the Company. The Company has filed an appeal before CESTAT by paying Central Excise Duty of ₹ 0.6 million.

   Additional Commissionerate of Central Excise, Chennai, has passed the Order confirming the excisability on sale of FDG for the period March 2013 to June 2015 levying excise duty of ₹ 6.57 million, interest on duty amount and penalty of ₹ 6.57 million.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

32 Income tax expense (Contd..)

The Company is positive of winning the case on the ground that FDG is not excisable as there is no specific entry in the Central Excise Tariff Act 1985. Further, even if it is excisable the same has to be classified under Chapter 30 which attracts excise duty at 6% and valuation of captively consumed FDG will reduce the demand.

2. HealthCare Global Vijay Oncology Private Limited which got merged with the Company effective from 01 April 2015, has undergone Departmental VAT audit for the period from 2011-12 to 2014-15. The Deputy Commercial Tax Officer, Vijayawada has raised a AP-VAT demand of ₹ 2 million and also passed the penalty order for ₹ 0.5 million as the Company has not charged & paid VAT on supply of food to patients. The Company has filed an writ petition before Andhra Pradesh High Court by paying ₹ 0.4 million VAT amount to department.

   The Company is positive of winning the case on the ground that various High Courts in India have ruled that the supply of food to patient is pursuant to provision of medical service and is not a sale of goods.

   The Company's assessment for Value Added Tax (VAT) has been done for FY 2013-14 and FY 2014-15 wherein the demand of ₹ 29.90 million has been determined. The demand has mainly arisen on account of differential rate of tax on canteen income, denial of input credit, wrongly taxing other income and ignoring the details of sales / sales returns. Against the demand, the Company has already paid an amount of ₹ 10.36 million. The demand has been upheld by first appellate authority, however, Company is in the process of filing an appeal before the Appellate Tribunal.

3. The Company's assessment for Central Sales Tax (CST) has been done for FY 2014-15, FY 2015-16 and FY 2016-17 wherein original orders were passed determining the demand of ₹ 18.87 million. The demand has mainly arisen on account of non-submission of 'F' Forms before the Assessing Officer. Though, demand has arisen, but the transactions has been reported correctly and it is mere a procedural challenge leading to the demand.

   Against the demand the Company has already paid under protest an amount of ₹ 11.29 million. Subsequently, the rectification orders were passed wherein demand was reduced to ₹ 9.46 million. The Company being aggrieved by the order has challenged before the Joint Commissioner of Commercial Taxes on the ground that the pending 'F' forms would be submitted in due course. The Company believes that the CST demand will be dropped and there would be no adverse impact in the financial statements.

4. The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹ 10,000 per month to ₹ 21,000 per month (Section 2(13)) and the ceiling for computation of such salary or wages has been increased from ₹ 3,500 per month to ₹ 7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act, 2015 is effective retrospectively from 01 April 2014. Based on the same, the Company has computed the bonus for the year ended 31 March 2015 which amounts to ₹ 9.98 million.

   The Company has taken a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required.

5. The Company is involved in other disputes, law suits and other claims including commercial matters which arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on the financial statements.

6. The Company has given letter of support to its subsidiary companies, namely HealthCare Global Senthil-Multi Specialty Hospital Private Limited, Niruja Product Development and Healthcare Research Private Limited, HCG Oncology LLP, HCG SUN Hospitals LLP, HCG NCHRI Oncology LLP, BACC Healthcare Private Limited, HCG EKO Oncology LLP and APEX HCG Oncology Hospitals LLP. Under the letter of support, the Company is committed to provide operational and financial assistance as is necessary for the subsidiary companies to enable them to operate as going concern for a period of at least one year from the balance sheet date i.e. till 31 March 2021.

7. The Hon'ble Supreme Court has, in a decision dated 28 February 2019, ruled that special allowance would form part of wages for computing the Provident Fund (PF) contribution. The Company keeps a close watch on further clarifications and directions from the respective department based on which suitable action would be initiated.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

34 Commitments

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	485.59	871.37
Written put options issued by the Company to the non-controlling interests of its subsidiaries	610.87	481.78

35 (Loss)/ earnings per Share

The calculations of (loss)/ profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic (loss) /earnings and diluted (loss)/ earnings per share calculations are as follows:

35.1 Basic (Loss) / earnings per share

(₹ in million)

		For the year ended 31 March 2020	For the year ended 31 March 2019
a.	(Loss)/ profit after tax	(532.97)	72.45
	The (Loss)/ earnings used in the calculation of basic (loss)/ earnings per share	(532.97)	72.45
	Weighted average number of equity shares for the purposes of basic earnings per share	88,549,647	87,909,856
	Basic (loss)/ earnings per equity share ₹ Per share (a/b)	**(6.02)**	**0.83**

35.2 Diluted (loss) / earnings per share

		For the year ended 31 March 2020	For the year ended 31 March 2019
The (loss) / earnings used in the calculation of diluted (loss) / earnings per share are as follows.			
a.	(loss) / earnings used in the calculation of basic (loss) /earnings per share	(532.97)	72.45
b.	(loss) /earnings used in the calculation of diluted (loss) /earnings per share	(532.97)	72.45
c.	Weighted average number of equity shares used in the calculation of diluted (loss) / earnings per share	88,549,647	88,098,982
Diluted (loss) /earnings per share for the year (amount in ₹)		**(6.02)**	**0.82**

The weighted average number of equity shares for the purpose of diluted (loss) /earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic (loss) /earnings per share as follows:

(₹ in million)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of basic (loss) / earnings per share	88,549,647	87,909,856
Shares deemed to be issued for no consideration in respect of employee options	-	1,89,126
Weighted average number of equity shares used in the calculation of diluted earnings per share	**88,549,647**	**88,098,982**

Since there is a loss for the year ended 31 March 2020, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

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for the year ended 31 March 2020

36 Segment information

Ind AS 108 “Operating Segment” (“Ind AS 108”) establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company’s performance and allocates resources on overall basis. The Company’s sole operating segment is therefore ‘Medical and Healthcare Services’. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the company’s revenue and non-current assets by the Company’s country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets.

(i) Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
India	6,883.34	6,404.99
Total	**6,883.34**	**6,404.99**

(ii) Non current assets*

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
India	10,563.45	7,462.40
Total	**10,563.45**	**7,462.40**

*Non-current assets exclude financial assets and deferred tax assets

37 Employee benefit plans

37.1 Defined contribution plans

The Company has defined contribution plan in form of Provident Fund 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:

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Contribution to Provident Fund included under contribution to provident and other funds.	84.37	61.18
Contribution to Employee State Insurance Scheme	12.79	13.42
	97.16	**74.60**

37.2 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

37 Employee benefit plans (Contd..)

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.

(₹ in million)

Particulars	31 March 2020	31 March 2019
Current service cost	12.10	9.26
Net interest expense	6.39	4.56
Components of defined benefit costs recognised in the Statement of profit and loss	**18.49**	**13.82**
Service cost recognised in employee benefits expense in Note 26	12.10	9.26
Net interest expense recognised in finance costs in Note 27	6.39	4.56
Remeasurement of the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(0.92)	(0.72)
Actuarial (gains) / losses arising from changes in financial assumptions	2.03	(0.02)
Actuarial (gains) / losses arising from experience adjustments	7.71	-
Remeasurement of the net defined benefit liability recognised in other comprehensive income	**8.82**	**(0.74)**

The amount included in the standalone balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Present value of funded defined benefit obligation	92.13	72.58
Fair value of plan assets	0.98	0.91
Unfunded status	**91.15**	**71.67**
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	**91.15**	**71.67**
Non-current (refer note 20)	53.69	43.90
Current (refer note 20)	37.46	27.77

Movements in the present value of the defined benefit obligation are as follows.

(₹ in million)

Particulars	31 March 2020	31 March 2019
Opening defined benefit obligation	72.58	61.73
Current service cost	12.10	9.26
Interest cost	6.39	4.56
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	(0.92)	-
Actuarial gains and losses arising from changes in financial assumptions	2.03	(0.71)
Actuarial gains and losses arising from experience adjustments	7.71	(0.02)
Benefits paid	(7.38)	(2.62)
Others	(0.38)	0.38
Closing defined benefit obligation	**92.13**	**72.58**

Movements in the fair value of the plan assets are as follows.

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening fair value of plan assets	0.91	0.82
Interest income	0.06	0.06
Remeasurements of plan assets	0.01	0.03
Closing fair value of plan assets	**0.98**	**0.91**

* Expected future contribution to the plan - Nil (31 March 2019- Nil)

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

37 Employee benefit plans (Contd..)

The fair value of the plan assets at the end of the reporting period for each category, are as follows

(₹ in million)

Particulars	Fair value of plan assets as at	
	31 March 2020	31 March 2019
Insurer-managed funds	0.98	0.91
Total	**0.98**	**0.91**

Defined plan asset

Plan assets consist of assets held in a 'long-term benefit fund' for the sole purpose making future benefit payments when they fall due. Plan assets include qualifying insurance policies and not quoted in the market.

The actual return on plan assets was ₹ 0.07 Million (for the year ended 31 March 2019: ₹ 0.09 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:

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.65)	1.72	(1.36)	1.42
Future salary increase (1% movement)	3.95	(3.73)	3.15	(2.96)
Attrition rate (10% movement)	(1.22)	1.32	(0.73)	0.76

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 31 March 2020 is 4.34 years (as at 31 March 2019: 4.82 years)

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	Valuation as at	
	31 March 2020	31 March 2019
Discount rate(s)	5.90%	7.00%
Expected rate(s) of salary increase	5.00%	5.00%
Rate of return on plan assets	7.00%	7.00%
Mortality table	IALM 2012-14	IALM 2006-08
Employee turnover rate	43.00%	40.00%

Maturity profile of defined benefit obligation:

Particulars	As at 31 March 2020	As at 31 March 2019
Within 1 year	38.43	28.67
1-2 years	23.45	18.57
2-3 years	15.45	12.52

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

37 Employee benefit plans (Contd..)

Particulars	As at 31 March 2020	As at 31 March 2019
3-4 years	10.34	8.56
4-5 years	6.55	5.89
6-10 year	8.67	8.83
>10 years	0.64	0.84

38 Share-based payments

A Employee share option plan of the Company

(a) ESOP 2010

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. 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) ESOP 2014

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 ESOP 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.

Employee stock options will be settled by delivery of shares

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

Particulars	ESOP 2010	ESOP 2010	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	16-Jun-10	24-Jun-14	10-Nov-16	10-Nov-16	01-Apr-17
Fair market value of option at grant date (₹)	23.10	73.34	232.48	156.93	221.80
Fair market value of share at grant date (₹)	29.18	78.95	240.15	240.15	229.45
Exercise price (₹)	10.00	10.00	10.00	110.68	10.00
No. of options	1,294,800	110,100	165,400	30,000	25,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	01-Apr-17	11-Aug-17	06-Nov-17	22-May-18
Fair market value of option at grant date (₹)	120.08	261.61	269.27	298.55
Fair market value of share at grant date (₹)	229.45	269.35	276.95	306.81
Exercise price (₹)	150.00	10.00	10.00	10.00
No. of options	35,000	101,000	53,000	55,000

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

38 Share-based payments (Contd..)

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	09-Nov-18	07-Feb-19	08-Aug-19	08-Aug-19
Fair market value of option at grant date (₹)	220.74	181.62	94.94	48.45
Fair market value of share at grant date (₹)	231.85	187.00	102.35	102.35
Exercise price (₹)	10.00	10.00	10.00	110.68
No. of options	25,000	47,000	1,41,800	30,000

(ii) The assumptions used in this model for calculating fair value of the ESOP granted during the current year and previous year are as below:

Assumptions	Grant Date: 22 May 2018 (ESOP 2014)			
	Vest 1 22 May 2019	Vest 2 22 May 2020	Vest 3 22 May 2021	Vest 4 22 May 2022
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.30%	7.61%	7.80%	7.91%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	25.05%	26.08%	28.40%	29.08%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 09 November 2018 (ESOP 2014)			
	Vest 1 09 Nov 19	Vest 2 09 Nov 20	Vest 3 09 Nov 21	Vest 4 09 Nov 22
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.52%	27.82%	29.24%	28.92%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 07 February 2019 (ESOP 2014)			
	Vest 1 07 Feb 20	Vest 2 07 Feb 21	Vest 3 07 Feb 22	Vest 4 07 Feb 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	6.89%	7.04%	7.16%	7.26%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.97%	27.83%	29.07%	29.26%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	5.50	6.00	6.50	7.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Notes to the Standalone Financial Statements

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38 Share-based payments (Contd..)

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

C Employee stock options details as on the Balance Sheet date are as follows:

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	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	7,827	10.00	10,127	10.00
- ESOP 2014	520,910	25.20	471,670	20.17
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	171,800	27.58	127,000	10.00
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	1,950	10.00	2,300	10.00
- ESOP 2014	59,120	10.00	77,760	10.00
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	633,590	27.26	5,20,910	25.20
Options exercisable at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	119,530	36.17	64,530	31.64

* Options available for grant under ESOP 2014 Scheme are 2,162,506 (31 March 2019 2,334,306).

** The above figure include options granted to employees of the subsidiaries.

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 is ₹ 118.80 (31 March 2019 ₹ 228.49).

The options outstanding at the end of the reporting period has exercise price in the range of ₹ 10 to ₹ 150 (Previous year ₹ 10 to ₹ 150) and weighted average remaining contractual life of 7.7 years (31 March 2019 8.1 years).

D For details of expense recognised in statement of profit and loss please refer note 26 and for details of movement in share options outstanding account refer note 16.2.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

39 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2020 and 31 March 2019 are as follows:

(₹ in million)

Particulars	Carrying value as at	
	31 March 2020	31 March 2019
Financial assets		
Amortised cost		
Loans (including current and non-current)	594.02	580.71
Trade receivables	1,523.18	1,455.99
Cash and cash equivalents	151.37	85.40
Other financial assets	492.51	340.17
Right to equity shares	694.42	-
FVTPL		
Investments in unquoted equity instruments	59.61	59.61
Investments in mutual fund (quoted)	13.91	46.48
Right to equity shares	-	694.42
Total assets	**3,529.02**	**3,262.78**
Financial liabilities		
Amortised cost		
Loans and Borrowings (including current maturities and short-term borrowings)	4,876.54	4,220.89
Trade payables (including supplier credit facility)	991.39	1,063.42
Lease liabilities (including current and non-current)	3,392.42	-
Other financial liabilities (including current and non-current)	792.44	934.87
Payable on acquisition of business	69.26	-
Payable for share purchase	735.98	-
FVTPL		
Financial guarantee obligation (including current and non-current)	80.11	77.84
Payable on acquisition of business (Contingent consideration)	-	69.26
Payable for share purchase	-	694.42
FVTOCI		
Derivative liability (including current and non-current)	78.26	109.95
Total liabilities	**11,016.40**	**7,170.65**

The management assessed that fair value of above financial assets and liabilites approximates the fair value.

*Refer note 17 for details related to pledge of financial assets

40 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).

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

40 Fair value hierarchy (Contd..)

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2020 and 31 March 2019.

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 31 March 2020				
Investment in mutual funds (quoted)	13.91	13.91	-	-
Investments in unquoted equity instruments	59.61	-	-	59.61
Financial liabilties measured at fair value as at 31 March 2020				
Financial guarantee obligation	80.11	-	80.11	-
Derivative liability	78.26	-	78.26	-
Financial assets measured at fair value as at 31 March 2019				
Investment in mutual funds (quoted)	46.48	46.48	-	-
Investments in unquoted equity instruments	59.61	-	-	59.61
Right to equity	694.42	-	-	694.42
Financial liabilties measured at fair value as at 31 March 2019				
Financial guarantee obligation	77.84	-	77.84	-
Payable on acquisition of business (Contingent consideration)	69.26	-	-	69.26
Payable for share purchase	694.42	-	-	694.42
Derivative liability	109.95	-	-	109.95

There have been no transfers among Level 1, Level 2 and Level 3 during each of the years presented above.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity instruments	Recent completed transaction in the underlying investment	1. Price per share 2. Qualitative factors on operating performance vis a vis budgets 3. Regulatory factors	Not applicable
Contingent consideration	Discounted cashflows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined based on the management estimate of the achievement of the EBITDA target.	Risk adjusted discount rate - 10%	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Financial guarantee obligation	Market comparison: The fair value is estimated considering the rate at which the Company has contracted for similar guarantee obligation with YES bank Limited	Not applicable	Not applicable
Derivative Instruments	The fair value is estimated using valuation techniques with observable market inputs including currency spot and forward rates, interest rate curves, currency volatility, etc.	Not applicable	Not applicable

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

40 Fair value hierarchy (Contd..)

Details of assets and liabilities considered under Level 3 classification

(₹ in million)

Particulars	Investment in equity instruments
Balance as at 01 April 2018	8.14
Additions	51.47
Gain/(loss) recognised in other comprehensive income and statement of profit and loss	-
Balance as at 31 March 2019	**59.61**
Balance as at 01 April 2019	59.61
Additions	-
Gain/(loss) recognised in statement of profit and loss	-
Gain/(loss) recognised in other comprehensive income	-
Balance as at 31 March 2020	**59.61**

As at 31 March 2020 and 31 March 2019, a one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets does not have a significant impact in its value.

Derivative financial instruments (assets and liabilities): The Company is exposed to foreign currency fluctuations on foreign currency assets and liabilities, and forecasted cashflows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following an established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counter party is primarily bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in the statement of profit and loss as cost. Subsequent to initial recognition, derivative financial instruments are measured as described below:

A. **Cashflow hedges:** Changes in fair value of the derivative hedging instrument is designated as a cash flow hedge are recognised in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognised in the statement of profit and loss.

B. **Others:** Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities.

Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing from counter parties. As at 31 March 2020, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Particulars	As at			
	31 March 2020		31 March 2019	
	Notional	Fair value	Notional	Fair value
Designated derivatives instruments				
Buy: Forward contracts	USD 8.02 million	₹ 78.26	USD 8.47 million	₹ 109.95
Weighted Average forward strike Price	₹ 80.10	₹ 80.10	₹ 79.81	₹ 79.81

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

40 Fair value hierarchy (Contd..)

The following table summarises activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

(₹ in million)

Particulars	As at	
	31 March 2020	31 March 2019
Balance as at the beginning of the year	(41.96)	-
Cost of hedging transferred to the standalone statement of Profit and Loss	23.74	-
(Gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	(15.79)	(64.30)
Net gain/(loss) on cash flow hedging derivatives, net	7.95	(64.30)
Balance as at the end of the year	(34.01)	(64.30)
Deferred tax thereon	(2.78)	22.34
Balance as at the end of the year, net of deferred tax (refer note 16.6)	**(36.79)**	**(41.96)**

The related hedge transactions for balance in cash flow hedging reserves as at 31 March 2020 are expected to occur and be reclassified to the statement of profit and loss over a period of two years. (31 March 2019; The related hedge transactions for balance in cash flow hedging reserves as at 31 March 2019 are expected to occur and be reclassified to the statement of profit and loss over a period of three years).

41 Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risks which may adversely impact the fair value of its financial instruments.

(i) Risk management framework

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.

(ii) 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, security deposits, investments, cash and cash equivalents, bank deposits and loans. 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 are unsecured comprise a widespread customer base. Company 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 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 wherever required. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as derived as per the trend of trade receivable ageing of previous years.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

41 Financial risk management (Contd..)

1. **The Provision matrix at the end of the reporting period is as follows:-**

Category	31 March 2020	31 March 2019
Less than 1 year	3% to 26%	7% to 10%
1-2 years	29% to 53%	36% to 51%
2-3 years	61% to 100%	52% to 64%
More than 3 years	100%	100%

2. **Movement in the expected credit loss allowance**

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at beginning of the year	336.60	302.17
Additional provision during the year (refer note 29)	32.91	34.43
Balance at end of the year (refer note 13)	**369.51**	**336.60**

No single customer accounted for more than 10% of the revenue as of 31 March 2020 & 31 March 2019. There is no significant concentration of credit risk.

Impact of COVID-19 (Global pandemic)

Trade receivables as at 31 March 2020 forms a significant part of the financial assets carried at amortized cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, the Company has evaluated the likelihood of increased credit risk and consequential default considering emerging Covid-19 situation. This assessment considers the current collection pattern across various customers. The Company is closely monitoring the developments across various customers and states. Basis this assessment, provision made towards ECL is considered adequate.

Details of geographic concentration of revenue is included in note 36 to the financial statements

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. Pursuant to the impact of Covid-19, the Company has assessed the counterparty credit risk and concluded the carrying / fair value, as applicable, of the financial instruments and deposits with banks to be appropriate.

c) Derivatives

The Company enters into derivative financial instruments with counter-parties, primarily, banks with investment grade credit ratings.

(iii) 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 primary fund raise is at advance stage to enable the Company meet its obligation as and when they fall due.

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. Also refer note 48.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

41 Financial risk management (Contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019:

(₹ in million)

Particulars	As at 31 March 2020					
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	4,873.77	1,724.22	360.10	466.15	316.34	2,006.96
Lease liabilities	3,392.42	109.50	85.39	103.74	98.38	2,995.41
Trade payables (including supplier credit facility)	991.39	991.39	-	-	-	-
Other financial liabilities	872.55	808.80	14.78	13.81	12.49	22.67
Derivative liability	78.26	65.39	12.87	-	-	-
Payable from Share purchase	735.98	735.98	-	-	-	-
Payable on acquisition of business	69.26	69.26	-	-	-	-

(₹ in million)

Particulars	As at 31 March 2019					
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	4,220.89	759.40	555.22	300.96	216.31	2,389.00
Trade payables	1,352.57	1,352.57	-	-	-	-
Other financial liabilities	1,417.98	1,227.23	12.32	11.53	10.43	156.47
Derivative liability	109.95	3.17	89.99	16.79	-	-
Payable on acquisition of business	69.26	69.26	-	-	-	-

(iv) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

(a) 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.

(i) The Company holds foreign exchange forward contract to mitigate the risk of changes in exchange rates and foreign currency exposure. The following table presents discounted foreign currency risk from financial instruments as of 31 March 2020 and 31 March 2019.

As at 31 March 2020

(₹ in million)

Particulars	Rupee equivalent of foreign currency amounts			
	US $	Euro	JPY	Total
Assets				
Trade receivables	121.95	-	-	121.95
Cash and cash equivalents	1.11	-	-	1.11
Liabilities				
Borrowings	692.56	200.25	-	892.81
Creditors for capital goods	1.95	8.22	-	10.17
Trade payables	12.54	-	-	12.54
Net assets/liabilities	**(583.99)**	**(208.47)**	**-**	**(792.46)**
Forward exchange contracts	-	-	-	601.85
Net exposure	**(583.99)**	**(208.47)**	**-**	**(190.61)**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

41 Financial risk management (Contd..)

As at 31 March 2019

(₹ in million)

Particulars	Rupee equivalent of foreign currency amounts			
	US $	**Euro**	**JPY**	**Total**
Assets				
Trade receivables	99.25	-	-	99.25
Cash and cash equivalents	2.20	-	-	2.20
Liabilities				-
Borrowings	836.75	-	-	836.75
Creditors for capital goods	1.01	-	-	1.01
Trade payables	36.47	-	-	36.47
Net assets/liabilities	**(772.78)**	**-**	**-**	**(772.78)**
Forward exchange contracts	586.21	-	-	586.21
Net exposure	**(186.57)**	**-**	**-**	**(186.57)**

(ii) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments

(₹ in million)

Particulars	Impact on profit or (loss) before tax	
	As at 31 March 2020	**As at 31 March 2019**
USD Sensitivity		
₹/USD - Increase by 1%	7.92	7.73
₹/USD - Decrease by 1%	(7.92)	(7.73)

(b) Cash flow and fair value 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.

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate long term borrowings including current maturities	2,792.97	2,601.81
Total borrowings	**2,792.97**	**2,601.81**

(ii) Sensitivity analysis

Every 1% increase or decrease in MCLR rate does not have material impact to statement of profit and loss and other components of equity

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Sensitivity		
1% increase in MCLR rate	27.93	26.02
1% decrease in MCLR rate	(27.93)	(26.02)

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

42 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. Also refer note 48.

The capital structure is as follows:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Total equity attributable to the equity share holders of the company	6,145.06	6,447.19
As percentage of total capital	57%	61%
Total loans and borrowings	4,876.54	4,220.89
Cash and cash equivalents	151.37	85.40
Net loans & borrowings	**4,725.17**	**4,135.49**
As a percentage of total capital	43%	39%
Total capital (loans and borrowings and equity)	**10,870.23**	**10,582.68**

43 Due to Micro, Small and Medium Enterprises (refer note 21)

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 and 31 March 2019 have been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

(₹ in million)

Particulars	31 March 2020	31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year	0.06	1.39
Principal	0.06	1.39
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

All trade payables are 'current.' The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 41.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

44. Related Party Disclosures

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
	BACC 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 (Mauritius) Private Limited
	HCG EKO Oncology LLP
	HCG SUN Hospitals LLP
Associate companies	Healthcare Global (Africa) Private Limited
Joint venture	Strand Lifesciences Private Limited
Key Management Personnel (KMP)	**Whole-time director**
	Dr. B. S. Ajaikumar, Chairman and CEO
	Executive directors
	Dr.B S Ramesh (from 22 May 2018)
	Non-executive directors
	Gangadhara Ganapati
	Dr Amit Varma
	Independent Directors
	Shanker Annaswamy
	Sampath T Ramesh
	Sudhakar Rao
	Suresh C Senapaty
	Bhushani Kumar
	Key Management Personnel
	Srinivasa V. Raghavan- Chief Financial Officer
	Sunu Manuel- Company Secretary
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
	Sada Sarada Tumor & Research Institute
	B.C.C.H.I Trust
	HCG Foundation
	Wipro GE India Pvt Ltd
	Gutti Malnad Hospital LLP

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

44. Related Party Disclosures (Contd..)

B Details of related party transactions during the year:

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of medical and non-medical items		
- Malnad Hospital and Institute of Oncology Private Limited	1.59	11.46
- HCG Medi-surge Hospitals Private Limited	8.54	93.50
- Sada Sarada Tumor & Research Institute	6.92	46.79
- HCG Oncology LLP	0.87	31.12
- HCG NCHRI Oncology LLP	4.92	28.90
- Apex HCG Oncology Hospitals LLP	3.72	18.97
- HCG EKO Oncology LLP	1.91	2.07
- HCG SUN Hospitals LLP	0.87	8.64
Income from medical services		
- JSS Bharath Charitable Trust	7.82	12.22
- HCG Foundation	4.50	4.58
- HCG Medi-surge Hospitals Private Limited	12.16	9.99
- BACC Healthcare Private Limited	0.22	0.02
- Sada Sarada Tumor & Research Institute	3.60	6.16
Rent charges		
- Sada Sharada Tumor & Research Institute	0.06	0.60
- BACC Healthcare Private Limited	1.80	-
Lab charges		
- Strand Life Sciences Private Limited	193.78	210.34
Revenue Share expenses		
- HealthCare DiwanChand Imaging LLP	9.60	4.90
Repairs and maintenance - Annual Maintenance charges (AMC)		
- Wipro GE India Pvt Ltd	18.20	11.40
Interest income received		
On loans given		
- Niruja Product Development and Research Private Limited	27.37	27.28
- HCG Oncology LLP	2.48	1.84
On capital contribution		
- HCG NCHRI Oncology LLP	8.23	5.81
- HCG SUN Hospitals LLP	3.78	1.42
Interest expenses		
- HCG Manavata Oncology LLP	0.70	0.72
- HCG Medi-surge Hospitals Private Limited	12.36	-
- BACC Healthcare Private Limited	0.09	-
- Dr. B S Ajaikumar	0.30	-
Corporate guarantee commission income received		
- HCG Medi-surge Hospitals Private Limited	3.73	15.15
- HCG Oncology LLP	2.48	7.69
- HCG NCHRI Oncology LLP	1.74	1.22
- HCG Manavata Oncology LLP	1.42	0.97
- BACC Healthcare Private Limited	0.07	0.29
- Apex HCG Oncology Hospitals LLP	2.94	1.89
- HCG EKO Oncology LLP	2.23	1.50
- HCG SUN Hospitals LLP	8.41	2.43
Inter-corporate deposit received		
- HCG Manavata Oncology LLP	45.00	27.00
Inter-corporate deposit repaid		
- HCG Manavata Oncology LLP	72.00	-

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

44. Related Party Disclosures (Contd..)

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Other advances received		
- Strand Life Sciences Private Limited	-	18.89
- JSS Bharath Charitable Trust	20.00	-
- Sada Sarada Tumor & Research Institute	31.00	-
- HCG Medi-surge Hospitals Private Limited	18.62	79.03
Other advances repaid		
- JSS Bharath Charitable Trust	20.00	-
- Sada Sarada Tumor & Research Institute	31.00	-
Other advances given		
- Strand Life Sciences Private Limited	50.00	-
Loans given		
- Niruja Product Development and Research Private Limited	0.81	1.07
- HCG Oncology LLP	4.00	5.40
Loans given repaid		
- HCG Oncology LLP	-	5.00
Loans received		
- Dr. B S Ajaikumar	50.00	-
- HCG Medi-surge Hospitals Private Limited	332.15	-
- BACC Healthcare Private Limited	20.00	-
Loans taken repaid		
- Dr. B S Ajaikumar	19.08	-
- HCG Medi-surge Hospitals Private Limited	225.53	-
- BACC Healthcare Private Limited	20.00	-
Reimbursement of expense on employee stock option scheme cross charged by the Company		
- HCG Medi-surge Hospitals Private Limited	0.84	-
- HCG Oncology LLP	0.20	-
- HCG SUN Hospitals LLP	0.08	-
Reimbursement of capital expenditure/ revenue expenditure cross charged by the Company		
- HCG Medi-surge Hospitals Private Limited	10.09	23.24
- HCG Oncology LLP	21.99	3.02
- BACC Healthcare Private Limited	0.24	0.24
- Healthcare Diwan Chand Imaging LLP	0.11	0.04
- Malnad Hospital and Institute of Oncology Private Limited	0.67	6.28
- HCG SUN Hospitals LLP	78.36	-
- HCG NCHRI Oncology LLP	0.76	-
- HCG EKO Oncology LLP	0.09	-
- HCG Manavata Oncology LLP	12.46	
- Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	0.16	-
- Niruja Product Development and Research Private Limited	0.12	-
- APEX HCG Oncology Hospitals LLP	2.87	-
- HCG Foundation	0.13	-
- Sada Sarada Tumor & Research Institute	0.09	-
- JSS Bharath Charitable Trust	3.51	-
Investment made during the year other than corporate guarantee		
- APEX HCG Oncology Hospitals LLP	161.25	452.09
- Malnad Hospital and Institute of Oncology Private Limited	0.20	-
- HCG EKO Oncology LLP	144.17	57.37

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

44. Related Party Disclosures (Contd..)

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
- HCG Manavata Oncology LLP	-	27.50
- HCG NCHRI Oncology LLP	110.15	68.52
- HCG SUN Hospitals LLP	78.24	86.63
- Strand Life Sciences Private Limited	-	5.33
- HCG (Mauritius) Private Limited *	8.35	-
- HCG Medi-surge Hospitals Private Limited	-	22.42
* It is share application money pending allotment		
Investment made during the year through corporate guarantee		
- HCG Manavata Oncology LLP	4.42	2.32
- HCG Medi-surge Hospitals Private Limited	0.23	22.42
- HCG NCHRI Oncology LLP	6.09	-
- HCG EKO Oncology LLP	4.45	4.46
- APEX HCG Oncology Hospitals LLP	3.21	4.01
- HCG Oncology LLP	-	16.45
Short-term employee benefits to:		
- Dr. B S Ajaikumar (Refer note 45) *	20.83	28.07
- Ms. Anjali Ajaikumar	5.32	5.02
- Dr. B S Ramesh (Refer note 45)	8.03	7.28
- Srinivasa Raghavan	10.01	7.44
- Sunu Manuel	3.61	5.33
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary. * The CEO of the company have waived off his fixed compensation for two months during the year.		
Share based payments to:		
- Srinivasa Raghavan	1.57	0.67
- Sunu Manuel	0.67	0.99
Sitting fees to Directors		
- Shanker Annaswamy	0.95	1.15
- Sampath T Ramesh	0.70	0.91
- Sudhakar Rao	0.70	0.86
- Suresh C Senapaty	0.73	1.21
- Bhushani Kumar	0.65	0.35

C Details of related party balances outstanding:

(₹ in million)

Balances outstanding as at	As at 31 March 2020	As at 31 March 2019
Trade receivables		
- Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	0.10	0.13
- Malnad Hospital and Institute of Oncology Private Limited	1.76	7.22
- JSS Bharath Charitable Trust	1.44	4.26
- Sada Sarada Tumor & Research Institute	8.94	34.51
- HCG Oncology LLP	30.21	35.80
- HCG Foundation	4.94	9.96
- B.C.C.H.I. Trust	0.01	0.01
- APEX HCG Oncology Hospitals LLP	2.57	7.91
- HCG NCHRI Oncology LLP	51.62	46.61
- HCG Manavata Oncology LLP	-	61.39

Notes to the Standalone Financial Statements

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44. Related Party Disclosures (Contd..)

(₹ in million)

Balances outstanding as at	As at 31 March 2020	As at 31 March 2019
- HCG EKO Oncology LLP	4.21	2.29
- HCG SUN Hospitals LLP	10.55	9.59
Interest accrued on loan/ differential higher capital contribution by subsidiaries - Other Financial Assets (current/ Non-current)		
- Malnad Hospital and Institute of Oncology Private Limited	0.30	0.30
- HCG Medi-surge Hospitals Private Limited	-	0.13
- Niruja Product Development and Research Private Limited	70.64	43.27
- HCG SUN Hospitals LLP	1.94	1.28
- HCG NCHRI Oncology LLP	14.00	5.80
- HCG Oncology LLP	0.44	-
Receivable from related parties - Other Financial Assets (current)		
- Malnad Hospital and Institute of Oncology Private Limited	2.10	4.58
- BACC Healthcare Private Limited	-	5.78
- HCG Oncology LLP	39.60	37.69
- Healthcare Diwan Chand Imaging LLP	-	0.18
- HCG SUN Hospitals LLP	8.91	2.43
- HCG Manavata Oncology LLP	70.77	-
- HealthCare Global (Africa) Pvt Ltd	3.30	-
- Wipro Ge Healthcare Pvt Ltd	2.02	-
- HCG Medi-surge Hospitals Private Limited	6.80	-
Share application money pending allotment - Other Financial Assets (current)		
- HCG (Mauritius) Private Limited	8.35	-
Advance to vendors - Other Assets		
- Strand Life Sciences Private Limited	50.00	-
Loans (Non current/ current)		
- Niruja Product Development and Research Private Limited	227.61	226.80
- HealthCare Global Senthil Multi-Specialty Hospital Private Limited*	30.38	30.38
- HCG Oncology LLP	19.00	15.00
* The Company has provided for non recoverability of the loan given of ₹ 30.38 million		
Accrued employee benefits - Other financial liabilities (current)		
- Dr. B S Ajaikumar	6.23	8.45
- Ms. Anjali Ajaikumar	0.50	0.42
- Dr. B S Ramesh	0.52	0.54
- Srinivasa Raghavan	1.67	-
- Sunu Manuel	0.52	-
Trade Payables		
- BACC Healthcare Private Limited	-	0.10
- Healthcare Diwan Chand Imaging LLP	24.63	15.03
- HCG Foundation	0.04	0.07
- Gutti Malnad LLP	0.02	-
- Wipro GE India Pvt ltd	8.25	-
- Sada Sarada Tumor & Research Institute	0.01	0.01
- Strand Life Sciences Private Limited*	105.07	20.60
- HCG EKO Oncology LLP	1.07	-
- Apex HCG Oncology Hospitals LLP	17.08	18.89
- HCG Manavata Oncology LLP	3.78	3.77
* Outstanding at 31 March 2020 and 31 March 2019 represents invoices due by the Company and discounted by Strand Life Sciences Private Limited. This has been disclosed as "Supplier factoring facility" under "other financial liability". On the maturity date, the account of the Company will be debited by the factoring bank.		

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

44. Related Party Disclosures (Contd..)

(₹ in million)

Balances outstanding as at	As at 31 March 2020	As at 31 March 2019
Other payable to related party - Other Financial Liability - current		
- HCG Medi-surge Hospitals Private Limited	14.05	79.03
- BACC Healthcare Private Limited	6.26	-
- HealthCare DiwanChand Imaging LLP	3.02	-
- HCG Manavata Oncology LLP	-	27.00
Loan from related parties- short term borrowings		
- HCG Medi-surge Hospitals Private Limited	118.67	-
- Dr. B S Ajaikumar	31.23	-
(including interest accrued on loan)		
Corporate guarantees given on behalf of:		
- HCG Medi-surge Hospitals Private Limited	473.80	418.14
- BACC Healthcare Private Limited	-	18.43
- HCG Oncology LLP	348.77	340.28
- HCG NCHRI Oncology LLP	280.35	76.96
- HCG Manavata Oncology LLP	164.88	57.22
- HCG EKO Oncology LLP	297.49	175.52
- HCG SUN Hospitals LLP	181.30	136.32
- Apex HCG Oncology Hospitals LLP	376.53	279.86

45 Managerial remuneration:

Dr. B. S. Ajaikumar was re-appointed as the Chairman & CEO of the Company for a period of 4 years with effect from 1 July 2019 and Dr. B. S. Ramesh have been appointed as Executive director of the Company with effect from 22 May 2018 for a period of 2 years.

For the financial year ended 31 March 2020

The remuneration of Chairman & CEO and the Executive director of the Company for the year ended 31 March 2020 amounts to ₹ 20.83 million (net off fixed salary waiver for two months) and ₹ 8.03 million respectively. This has been approved by the Nomination and Remuneration Committee, the Board of Directors and is in accordance with the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013 considering the approval of the Shareholders of the Company through special resolution obtained on 26 September 2019.

For the financial year ended 31 March 2019

The remuneration of Chairman & CEO and the Executive director of the Company for the year ended 31 March 2019 amounts to ₹ 28.07 million and ₹ 7.28 million respectively. This has been approved by the Nomination and Remuneration Committee, the Board of Directors and the Shareholders of the Company, and is in accordance with the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

46 Investments, loans, guarantees and security

(a) The Company has made investment in the following companies

(₹ in million)

Investment in equity instruments *	As at 31 March 2019	Invested during the year	Sold during the year	As at 31 March 2020
Malnad Hospital & Institute of Oncology Private Limited	6.44	0.20	-	6.64
MIMS HCG Oncology Private Limited	0.50	-	-	0.50
HCG Medi-surge Hospitals Private Limited	145.09	0.23	-	145.32
BACC HealthCare Private Limited	602.97	-	-	602.97
HCG (Mauritius) Private Limited#	24.17	-	-	24.17
HealthCare Global Senthil Multi-Specialty Hospital Private Limited**	8.38	-	-	8.38
Investment in limited liability partnership				
HCG Diwanchand Imaging LLP**	32.47	-	-	32.47
APEX HCG Oncology Hospitals LLP**	757.84	164.46	-	922.30
HCG NCHRI Oncology LLP**	235.67	116.24	-	351.91
HCG EKO Oncology LLP	114.12	143.77	-	257.89
HCG Manavata Oncology LLP	489.70	4.42	-	494.12
HCG Oncology LLP	102.10	-	-	102.10
HCG SUN Hospitals LLP	127.87	78.24	-	206.11
Investment in other companies				
Zoctr Health Private Limited	7.64	-	-	7.64
Suchirayu Healthcare Solutions Limited	0.50	-	-	0.50
International Stemcell Services Limited	5.61	-	-	5.61
Epigeneres Biotech Private Limited	10.00	-	-	10.00
Niramai Health Analytix Private Limited	35.86	-	-	35.86
Anthill Venture Capital Advisors LLP	-	5.50	-	5.50
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	245.33	-	-	245.33

* It includes fair value of corporate guarantee given to subsidiaries accounted as investment in subsidiaries as per Ind AS 109

** The Company has provided for permanent dimunition in investment of ₹ 317.29 million (refer note 8)

During the current financial year, the Company has paid an amount of ₹ 8.35 million to HCG (Mauritius) Private Limited and ₹ 5.50 million to Anthill Venture Capital Advisors LLP, for which shares are yet to be allotted. This has been disclosed under "Share application money pending allotment" in "Other Financial Assets" in the Balance Sheet.

(b) The Company has given inter-coporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2019	Movement	As at 31 March 2020	Purpose of the deposits
Niruja Product Development and Research Private Limited	226.80	0.81	227.61	The loan has been given for the purpose of investing in HCG (Mauritius) Private Limited
HCG Oncology LLP	15.00	4.00	19.00	These loans have been given for operational requirements of the respective entities
HealthCare Global Senthil Multi-Specialty Hospitals Private Limited*	30.38	-	30.38	These loans have been given for operational requirements of the respective entities
Suchirayu Healthcare Solutions Limited	105.00	-	105.00	These loans have been given for operational requirements of the respective entities

* The Company has provided for non recoverability of the loan given of ₹ 30.38 million

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

46 Investments, loans, guarantees and security (Contd..)

(c) The Company has provided the guarantees to the following entities

(₹ in million)

Entity	As at 31 March 2019	Movement	As at 31 March 2020	Purpose of the guarantee
HCG Medi-surge Hospitals Private Limited	418.14	55.66	473.80	Corporate guarantee given to bank towards term loan
BACC Healthcare Private Limited	18.43	(18.43)	-	Same as above
HCG Oncology LLP	340.28	8.49	348.77	Same as above
HCG NCHRI Oncology LLP	76.96	203.39	280.35	Same as above
HCG Manavata Oncology LLP	57.22	107.66	164.88	Same as above
HCG EKO Oncology LLP	175.52	121.97	297.49	Same as above
Apex HCG Oncology Hospitals LLP	279.86	96.67	376.53	Same as above
HCG SUN Hospitals LLP	136.32	44.98	181.30	Same as above
NCHRI Private Limited	458.00	(25.27)	432.73	Same as above
Total	**1,960.73**	**595.12**	**2,555.85**	

Note: The above does not include corporate guarantee given by the Company for bank guarantee and cash credit facility. This represents only corporate guarantee given for the term loan facility of the respective entities.

(d) The Company has made investment in the following companies

(₹ in million)

Investment in equity instruments #	As at 31 March 2018	Invested during the year	Sold during the year	As at 31 March 2019
Malnad Hospital & Institute of Oncology Private Limited	6.44	-	-	6.44
Niruja Product Development and Healthcare Research Private Limited	0.50	-	-	0.50
HCG Medi-surge Hospitals Private Limited	122.67	22.42	-	145.09
BACC HealthCare Private Limited	602.97	-	-	602.97
HCG (Mauritius) Private Limited	24.17	-	-	24.17
HealthCare Global Senthil Multi-Specialty Hospital Private Limited**	8.38	-	-	8.38
Investment in limited liability partnership				
HCG Diwanchand Imaging LLP	32.47	-	-	32.47
APEX HCG Oncology Hospitals LLP	301.74	456.10	-	757.84
HCG NCHRI Oncology LLP	167.15	68.52	-	235.67
HCG EKO Oncology LLP	52.29	61.83	-	114.12
HCG Manavata Oncology LLP	459.88	29.82	-	489.70
HCG Oncology LLP	85.65	16.45	-	102.10
HCG SUN Hospitals LLP	41.24	86.63	-	127.87
Investment in other companies				
Zoctr Health Private Limited	7.64	-	-	7.64
Suchirayu Healthcare Solutions Limited	0.50	-	-	0.50
International Stemcell Services Limited	-	5.61	-	5.61
Epigeneres Biotech Private Limited	-	10.00	-	10.00
Niramai Health Analytix Private Limited	-	35.86	-	35.86
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	240.00	5.33	-	245.33

* It includes fair value of corporate guarantee given to subsidiaries accounted as investment in subsidiaries as per Ind AS 109

** The Company has provided for permanent dimunition in investment of ₹ 8.38 million

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

46 Investments, loans, guarantees and security (Contd..)

(e) The Company has given inter-coporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the deposits
Niruja Product Development and Research Private Limited	225.73	1.07	226.80	The loan has been given for the purpose of investing in HCG (Mauritius) Private Limited
HCG Oncology LLP	15.40	(0.40)	15.00	These loans have been given for operational requirements of the respective entities
Apex Super Speciality Hospitals Private Limited	20.00	(20.00)	-	
HealthCare Global Senthil Multi-Specialty Hospital Private Limited *	30.38	-	30.38	These loans have been given for operational requirements of the respective entities
Suchirayu Healthcare Solutions Limited	48.00	57.00	105.00	These loans have been given for operational requirements of the respective entities

* The Company has provided for non recoverability of the loan given of ₹ 30.38 million

(f) The Company has provided the guarantees to the following entities

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the guarantee
HCG Medi-surge Hospitals Private Limited	303.50	114.64	418.14	Corporate guarantee given to bank towards term loan
BACC Healthcare Private Limited	49.63	(31.20)	18.43	Same as above
HCG Oncology LLP	263.34	76.94	340.28	Same as above
HCG NCHRI Oncology LLP	76.96	-	76.96	Same as above
HCG Manavata Oncology LLP	5.96	51.26	57.22	Same as above
HCG EKO Oncology LLP	73.81	101.71	175.52	Same as above
Apex HCG Oncology Hospitals LLP	169.86	110.00	279.86	Same as above
NCHRI Private Limited	458.00	-	458.00	Same as above
HCG SUN Hospitals LLP	-	136.32	136.32	Same as above
Total	**1,401.06**	**559.67**	**1,960.73**	

Note: The above does not include corporate guarantee given by the Company for bank guarantee and cash credit facility. This represents only corporate guarantee given for the term loan facility of the respective entities.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

47 Ind AS 115- Revenue from contract

1) Contract balances

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
a) Receivables		
i) Trade receivables: Refer note 13	1,523.18	1,455.99
ii) Unbilled revenue: Refer note 10	90.75	98.66
b) The Company does not have any contract asset as at 31 March 2020 and 31 March 2019.		
c) The contract liability amount from contracts with customers is given below:		
Advance from customers: Refer note 19	89.60	137.35
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	80.00	125.05
d) Revenue dis-aggregation as per the industry vertical and geographies has been included in note 22, revenue from opertaions.		

48 Subsequent events

a) Pursuant to Investment Agreement ("Agreement") executed amongst the Company, Dr. B. S. Ajaikumar ("Promoter") and Aceso Company Pte. Ltd., Singapore ("Investor") on 04 June 2020 and approval of the shareholders of the Company received on 12 June 2020, preferential allotment of 29,516,260 Equity shares of the face value of ₹ 10 each, at a premium of ₹ 120 each (aggregating to ₹ 130 per equity share) and 18,560,663 Warrants, with a right to apply for and be allotted one equity share of the face value of ₹ 10 each at a premium of ₹ 120 each (aggregating to ₹ 130 per Warrant) were made to the Investor. The total consideration on issue of Equity shares and exercise of all Warrants aggregates to ₹ 6,250 lakhs

As required under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), Investor has remitted an amount ₹ 5,128 million towards allotment of 29,516,260 equity shares at ₹ 130 per share (₹ 3,837.1 million), 100% consideration for allotment and subsequent exercise of 7,057,195 warrants at ₹ 130 per warrant (₹ 917.45 million) and 25% of the consideration for remaining 11,503,468 warrants at ₹ 130 per share (₹ 373.90 million). The remaining 75% of the consideration i.e. ₹ 1,122 million shall be payable by the Investor on the exercise of the Warrant(s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the warrants.

b) Pursuant to the shareholders approval received on 12 June 2020, preferential allotment of 2,000,000, Series B Warrants, with a right to apply for and be allotted 1 Equity Share of the face value of ₹ 10 each of the Company, at a premium of ₹ 120 for each series B Warrant, were made to Promoter.

As required under the provisions of the ICDR Regulations, Promotor has remitted an amount equivalent to 25% of the Consideration i.e. ₹ 65 million on issue of series B Warrant and the remaining 75% of the consideration i.e. ₹ 195 million shall be payable by him on the exercise of the Series B Warrant(s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the Series B Warrants.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

48 Subsequent events (Contd..)

c) Pursuant to the preferential allotment of Equity shares and Warrants to the Investor on 28 July 2020, mentioned above in note (48a), ICDR Regulations requires "open offer" by the Investor to public shareholders of the Company.

JM Financial Limited, Manager to the Open Offer, has announced an open offer for the acquisition of up to 32,613,192 fully paid-up equity shares of face value of ₹ 10 each ("Equity Shares") from the Public Shareholders of the Company, representing 26% of the Expanded Voting Share Capital, at a price of ₹ 130/- per Equity Share aggregating to total consideration of ₹ 4,239 million payable in cash, and in this regard they have also filed the Draft Letter of Offer with Securities and Exchange Board of India on 18 June 2020.

d) Subsequent to the balance sheet date, two Independent Directors have completed the initial term of 5 years as Independent Directors of the Company and due to their personal commitments, these directors have conveyed their desire not to seek reappointment as Independent Directors of the Company for the second term. Accordingly, their tenure as Independent Directors/Directors of the Company have come to an end on 28 May 2020.

Under the provisions of the Companies Act 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the Company has to fill the vacancy of Independent Directors within a period of three months or immediate next board meeting, whichever is later, in order to have it constituted as per the Act and SEBI LODR Regulations. The Company will fill the vacancy of Independent Directors by 27 August 2020.

The accompanying notes are an integral part of these standalone financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Consolidated

Financial Statements

Independent Auditors' Report

To the Members of **HealthCare Global Enterprises Limited**

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of HealthCare Global Enterprises Limited (hereinafter referred to as the ('Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 other auditors on separate financial statements / financial information of such subsidiaries, associate and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and a joint venture as at 31 March 2020, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group, its associate and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters.

The key audit matter	How the matter was addressed in our audit
Assessment of the Going Concern assumption Refer note 2.1 (b) to the consolidated financial statements The Group has incurred losses in the current year and as at the balance sheet date, the Group's current liabilities exceeds its current assets. The Holding Company has prepared the consolidated financial statements on a going concern basis. As part of the assessment of the going concern assumption used in the preparation of the consolidated financial statements, the Holding Company has considered the cash flow projections and financing plan of each of the entities included in the Group (including primary equity raised subsequent to balance sheet date) after taking into account the impact of Covid 19 pandemic. In view of the highly uncertain economic environment and given the significant level of judgement involved in such assessment, we have determined this to be a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Obtained the cash flow forecast of each of the entity included in the Group and evaluated the reasonableness of key assumptions used in the forecast with reference to our understanding of their business and industry, historical trends and underlying business strategies and growth plans; • Assessed the plans to meet the cash flow requirements: – Understood the extent of committed and discretionary forecasted expenditure. – Evaluated the terms of the bank loans and trade finance facilities and assessed availability of funds as per projected cash flows to meet repayment of term loans and payment of interest as scheduled.

The key audit matter	How the matter was addressed in our audit
	– Evaluated the adequacy of projected sources of funds, including primary equity raised subsequent to balance sheet date to discharge the obligations of the Group. • Performed sensitivity analysis of the key assumptions including the possible effects of Covid 19. • Assessed the adequacy of disclosures in the consolidated financial statements in accordance with the relevant accounting standards.
Impairment of goodwill Refer note 3(h)(ii), 3(m)(ii), note 6 and note 6A to the consolidated financial statements. Goodwill is a significant item on the consolidated balance sheet for which the Holding Company performs impairment testing at least annually. In performing such impairment assessment, the Holding Company compares the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill has been allocated with its respective recoverable value, to determine whether any impairment loss should be recognised. The Holding Company's process of assessment of impairment of goodwill is complex as it involves significant judgements and assumptions used to estimate the recoverable amount including estimates of revenue growth rate, terminal growth rate, profitability and the discount rate. Due to the significance of the carrying amount of goodwill and significant judgments (including the impact of Covid 19) required to compute recoverable value, we have determined this to be a key audit matter	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the appropriateness of accounting policy for impairment of goodwill as per relevant accounting standard. • Evaluated the design and implementation of key internal financial controls relating to impairment process and tested the operating effectiveness of such controls; • We assessed the adequacy of level of impairment by: - evaluating with the help of our valuation specialists, where applicable, appropriateness of the valuation methodology and of key assumptions, specifically those relating to revenue growth rates, profitability, discount rates and terminal growth rates with reference to our understanding of their business and industry, historical trends and underlying business strategies and growth plans; - performing sensitivity analysis of the key assumptions including the possible effects of Covid 19. • Assessed the adequacy of disclosures in the consolidated financial statements in accordance with the relevant accounting standards.
Transition to Ind AS 116 'Leases' with effect from 01 April 2019 Refer Note 3(b) and note 6B to the consolidated financial statements. The Group, as a lessee, has entered into lease contracts mainly relating to the hospital buildings and office premises with different lease terms including the options to extend or terminate the leases. During the current year the Group has adopted Ind AS 116, Leases ('Ind AS 116'), the new standard on lease accounting. Ind AS 116 introduces a new lease accounting model wherein lessee is required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessed the appropriateness of the accounting policy for leases as per relevant accounting standard with special reference to methodology of the selected transition approach to this standard. • Evaluated the design and implementation of the key internal financial controls in relation to lease identification, assessment of the terms and conditions of lease contracts and the calculation of the related lease liability and ROU asset and tested the operating effectiveness of such controls on randomly selected transactions; • Tested completeness of the underlying lease data and Ind AS 116 adjustments, by reconciling the Group's operating lease commitments as per the consolidated financial statements as at 31 March 2019 to data used in computing the ROU assets and related lease liabilities.

The key audit matter	How the matter was addressed in our audit
The Group has opted for the modified retrospective approach method for transition to Ind AS 116. Therefore, the cumulative effect, if any, of implementing Ind AS 116 up to 01 April 2019 is recognised as an adjustment to the opening balance of retained earnings as at that date and the comparative financial information is not restated. The assessment of the impact of transition to Ind AS 116 is significant to consolidated financial statements as it involves selection of the transition option and identification and processing all relevant data associated with the leases which is complex and voluminous. Adoption of the standard involves significant judgements and estimates including, determination of the appropriate discount rates and the lease term (including termination and renewal options) for measurement of the ROU asset and lease liability. In view of the above, the adjustments arising from the first-time adoption of Ind AS 116 are considered as a key audit matter.	• For specific samples selected: - Evaluated the reasonableness of key judgements and estimates made in preparing the transition adjustments, specifically in relation to the lease term and discount rate. Also took assistance of our valuation specialists to evaluate the reasonableness of the discount rates used in computing the lease liabilities. - Evaluated the computation of the ROU asset and lease liability recognised on transition by examining the original lease agreements and re- performing the calculations after considering the impact of the variable lease payments, if any. • Assessed the adequacy of the disclosures relating to leases including disclosures relating to transition in the consolidated financial statements in accordance with the relevant accounting standard.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors on the other information that we obtained prior to the date of this Auditor's Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and a joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies / Partners of the Limited Liability Partnership (LLPs) included in the Group and of its associate and a joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors / Partners of the entities included in the Group and of its associate and a joint venture are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Partners either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors / Partners of the entities included in the Group and of its associate and a joint venture is responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of five (5) subsidiaries and one (1) step down subsidiary, whose financial statements/financial information reflect total assets of ₹ 2,253 million as at 31 March 2020, total revenues of ₹ 564 million and net cash flows outflow amounting to ₹ 5 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive loss) of ₹ 138 million for the year ended 31 March 2020, in respect of an associate and a joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information 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, a joint venture, and an associate, 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, joint venture and associate is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, 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

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements / financial information of such subsidiaries, an associate and a joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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 statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiary companies and a joint venture incorporated in India, none of the directors of the subsidiary companies and the joint venture incorporated in India is disqualified as on 31 March 2020 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 with reference to financial statements of the Holding Company, its subsidiary companies and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. 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, in our opinion and 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 on separate financial statements / financial information of the subsidiaries, an associate and a joint venture, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, its associate and a joint venture. Refer Note 32 to the consolidated financial statements.

   ii. The Group, its associate and a joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and a joint venture incorporated in India during the year ended 31 March 2020.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us and based on the reports of the auditors of such subsidiary companies and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, and joint venture incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, and joint venture incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Amit Somani
Partner
Membership No.060154
UDIN: 20060154AAAAGT7798

Place: Bengaluru
Date: 28 July 2020

Annexure- A to the Independent Auditors' report on the consolidated financial statements of HealthCare Global Enterprises Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of HealthCare Global Enterprises Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and its joint venture company, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its joint venture company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 relevant subsidiary company and a joint venture company 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 with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one (1) subsidiary company and one (1) joint venture company, which are companies incorporated in India, is based on the corresponding reports of the other auditors of such companies incorporated in India.

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

Amit Somani
Partner
Membership No.060154
UDIN: 20060154AAAAGT7798

Place: Bengaluru
Date: 28 July 2020

Consolidated Balance Sheet as at

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	9,271.11	8,515.43
(b) Capital work-in-progress	5	460.94	1,526.27
(c) Right-of-use assets	6B	5,776.19	-
(d) Goodwill	6	1,093.40	1,093.40
(e) Other intangible assets	6	320.08	93.31
(f) Investments in equity accounted investees	7	267.64	384.38
(g) Financial assets			
(i) Investments	7	73.52	106.09
(ii) Loans receivable	8	515.87	367.28
(iii) Other financial assets	9	222.22	217.48
(h) Deferred tax assets (net)	31.3	261.40	268.61
(i) Income tax assets (net)	31.4	817.79	553.90
(j) Other non-current assets	10	413.71	679.69
Total non-current assets		**19,493.87**	**13,805.84**
Current assets			
(a) Inventories	11	232.58	267.72
(b) Financial assets			
(i) Trade receivables	12	1,856.58	1,568.92
(ii) Cash and cash equivalents	13	317.45	205.17
(iii) Bank balance other than cash and cash equivalents above	13.1	2.74	3.49
(iv) Loans receivable	8	54.40	142.09
(v) Other financial assets	9	274.57	242.54
(c) Other current assets	10	299.53	299.68
Total current assets		**3,037.85**	**2,729.61**
TOTAL ASSETS		**22,531.72**	**16,535.45**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	886.91	879.19
(b) Other equity	15	2,925.64	3,887.28
Equity attributable to owners of the Company		**3,812.55**	**4,766.47**
Non-controlling interests	16	385.14	455.47
Total equity		**4,197.69**	**5,221.94**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	5,296.10	5,169.10
(ii) Lease liabilities	6B	6,091.68	-
(iii) Other financial liabilities	18	623.74	228.41
(b) Provisions	20	72.84	56.41
(c) Deferred tax liabilities (net)	31.3	69.84	39.71
(d) Other non-current liabilities	19	422.34	346.75
Total non-current liabilities		**12,576.54**	**5,840.38**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	936.60	499.88
(ii) Lease liabilities	6B	214.96	-
(iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		0.06	1.39
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,535.64	1,526.06
(iv) Other financial liabilities	18	2,653.61	3,049.86
(b) Other current liabilities	19	304.49	322.83
(c) Provisions	20	90.45	72.77
(d) Income tax liabilities (net)	31.5	21.68	0.34
Total current liabilities		**5,757.49**	**5,473.13**
TOTAL LIABILITIES		**18,334.03**	**11,313.51**
TOTAL EQUITY AND LIABILITIES		**22,531.72**	**16,535.45**
Significant accounting policies	**3**		

The accompanying notes are an integral part of these consolidated financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Consolidated Statement of Profit and Loss for the years ended

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
I INCOME			
Revenue from operations	22	10,923.40	9,760.26
Income from government grant	23	32.98	26.48
Other income	24	69.68	74.09
Total Income (I)		**11,026.06**	**9,860.83**
II EXPENSES			
Purchases of medical and non-medical items		2,363.51	2,214.89
Changes in inventories	25	35.14	(28.50)
Employee benefits expense	26	2,080.29	1,845.20
Finance costs	27	1,376.45	699.10
Depreciation and amortisation expense	28	1,484.45	850.85
Other expenses	29	4,755.64	4,503.21
Total expenses (II)		**12,095.48**	**10,084.75**
III Loss before share of loss of an associate / joint venture and tax (I-II)		**(1,069.42)**	**(223.92)**
IV Share of loss of an associate / joint venture		(123.22)	(109.83)
V Loss before tax (III + IV)		**(1,192.64)**	**(333.75)**
VI Tax expense:			
(1) Current tax	31.1	24.55	(11.04)
(2) Deferred tax	31.1	37.34	(13.96)
Total tax expense/ (credit)		**61.89**	**(25.00)**
VII Loss for the year (V-VI)		**(1,254.53)**	**(308.75)**
VIII Other comprehensive income / (loss)			
(i) Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the defined benefit plans	36.2	(11.06)	2.97
(b) Income tax effect on (i) above	31.2	3.95	(0.90)
(ii) Items that will be reclassified to profit or loss			
(a) Exchange differences on translation of financial statements of foreign operations		6.74	11.42
(b) Effective portion of gain/ (loss) on hedging instruments in a cash flow hedge	39	7.95	(64.25)
- Income tax on (ii) above	31.2	(2.78)	22.46
Other comprehensive income/(loss) for the year, net of tax		**4.80**	**(28.30)**
IX Total comprehensive loss for the year (VII+VIII)		**(1,249.73)**	**(337.05)**
Loss for the year attributable to:			
Owners of the Company		(1,066.95)	(247.97)
Non - controlling interests		(187.58)	(60.78)
		(1,254.53)	**(308.75)**
Other comprehensive income / (loss) for the year attributable to:			
Owners of the Company		5.14	(28.74)
Non-controlling interests		(0.34)	0.44
		4.80	**(28.30)**
Total comprehensive losses for the year attributable to:			
Owners of the Company		(1,061.81)	(276.71)
Non controlling interests		(187.92)	(60.34)
		(1,249.73)	**(337.05)**
Loss per share :			
Basic (in ₹)	34.1	(12.05)	(2.82)
Diluted (in ₹)	34.2	(12.05)	(2.82)
Significant accounting policies	**3**		

The accompanying notes are an integral part of these consolidated financial statements

As per our reports of even date attached

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

for **and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Amit Somani
Partner
Membership number: 060154

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Consolidated Cash Flow Statement for the years ended

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
Cash flows from operating activities			
Loss before tax		**(1,192.64)**	**(333.75)**
Adjustments for:			
Finance costs		1,376.45	699.10
Gain on investment revalued at FVTPL		(1.18)	(3.34)
Gain on sale of mutual fund		(0.54)	-
(Gain)/ loss on disposal of property, plant and equipment		(0.12)	0.82
Provision for bad and doubtful receivables		32.42	38.67
Provision for doubtful advances		8.80	-
Interest income		(42.41)	(26.33)
Payables no longer required written back		(0.13)	(0.42)
Depreciation and amortisation expense		1,484.45	850.85
Income from government grant		(32.98)	(26.48)
Expense on employee stock option scheme		28.31	30.56
Trade receivable written off		25.39	-
Net foreign exchange (gain)		(14.04)	(5.07)
Share of loss of equity accounted investees		123.22	109.83
Movements in working capital:			
Changes in trade receivables		(325.83)	(327.57)
Changes in inventories		35.14	(27.46)
Changes in loans, financial assets and other assets		(140.74)	(128.34)
Changes in trade payables, financial liabilities and other liabilities		181.88	461.72
Changes in provisions		23.06	22.19
Changes in other liabilities		-	20.51
Cash generated from operations		**1,568.51**	**1,355.49**
Income taxes paid (net of refunds)		(267.12)	(370.45)
Net cash generated from operating activities (A)		**1,301.38**	**985.04**
Cash flows from investing activities			
Margin money deposits, net		21.25	(102.75)
Inter-corporate deposits paid		-	(57.00)
Proceeds from repayment of inter-corporate deposits		-	20.00
Proceeds from disposal of property, plant and equipment		4.20	2.01
Acquisition of property, plant and equipment		(1,078.11)	(1,887.82)
Interest received		18.02	23.15
Investment in associate		-	(5.33)
Payment of share application money		(14.21)	
Acquisition of business, net of cash and cash equivalents		-	(70.25)
Investments in other companies		-	(51.47)
Proceeds from sale of investment in mutual funds		35.01	-
Payment for acquisition of minority stake in a subsidiary		-	(252.52)
Net cash (used in) investing activities (B)		**(1,013.84)**	**(2,381.98)**

Consolidated Cash Flow Statement for the years ended (continued)

(₹ in million)

Particulars	Note No.	31 March 2020	31 March 2019
Cash flows from financing activities $			
Proceeds from issue of equity shares, net of share issue expenses	14 & 15	203.18	0.93
Amount received from minority shareholders in the subsidiaries		126.59	55.59
Loan from related parties		50.00	-
Repayment of loan from related parties		(19.08)	-
Proceeds from borrowings		665.45	3,827.37
Repayment of borrowings		(343.17)	(2,532.00)
Repayment of principal portion of lease liability		(122.00)	-
Interest paid on lease liability		(557.00)	-
Interest and other borrowing cost paid		(588.21)	(516.78)
Net cash (used in)/ generated from financing activities (C)		**(584.25)**	**835.11**
Net decrease in cash and cash equivalents (A+B+C)		**(296.70)**	**(561.83)**
Cash and cash equivalents at the beginning of the year		(291.22)	270.61
Cash and cash equivalents at the end of the year		**(587.92)**	**(291.22)**

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	23.83	11.82
(b) Cheques, drafts on hand	4.28	11.65
(c) Balance with bank		
In current accounts	284.30	174.24
In EEFC accounts (refer note 41)	5.04	7.46
(d) Other deposits	-	3.49
	317.45	**208.66**
Less: Bank overdrafts and repayable on demand (Refer Note 17)	(905.37)	(499.88)
Cash and cash equivalents as per consolidated statement of cash flows	**(587.92)**	**(291.22)**

Consolidated Cash Flow Statement for the years ended (continued)

$ Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	Term loan and deferred payment obligation	Short term borrowing (other than bank overdraft)	Other borrowing cost	Total
Debt as at 01 April 2019	5,515.40	-	-	5,515.40
Interest accrued as at 01 April 2019	18.94	-	-	18.94
Cash flows including interest and other borrowing cost	**(128.42)**	**30.93**	**(137.53)**	**(235.02)**
- Interest and other borrowing cost*	600.81	0.30	179.20	780.31
- Non cash transactions	215.70	-	-	215.70
- Interest accrued	-		(41.67)	(41.67)
Debt as at 31 March 2020	**6,222.43**	**31.23**	**-**	**6,253.66**

*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

Finance lease have been reclassified to Lease Liability on transition to Ind AS 116, Leases (refer note 6B).

$ Reconciliation between opening and closing balance sheet for liabilities arising from financing activities

(₹ in million)

Particulars	Term loan and deferred payment obligation	Finance Lease	Other borrowing cost	Total
Debt as at 01 April 2018	4,056.45	555.17	-	4,611.62
Interest accrued as at 01 April 2018	20.36	107.55	-	127.91
Cash flows including interest and other borrowing cost	**1,082.61**	**(67.98)**	**(236.04)**	**778.59**
- Interest and other borrowing cost*	346.43	81.80	270.87	699.10
- Non cash transactions	28.49	8.82	(34.83)	2.48
- Interest accrued	(18.94)	(121.63)	-	(140.57)
Debt as at 31 March 2019	**5,515.40**	**563.73**	**-**	**6,079.13**

*Interest and other borrowing cost include interest on Short term borrowings, bank charges measured at amortised cost etc.

Significant accounting policies **3**

The accompanying notes are an integral part of these consolidated financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Consolidated Statement of Changes in Equity for the years ended 31 March 2020 and 31 March 2019

a. Equity share capital

Particulars	No of Shares	(₹ in million)
As at 01 April 2018	86,904,473	869.04
(a) Issue of equity shares pursuant to preferential allotment (refer note 14.1)	934,500	9.35
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2010 and 2014 (refer note 37(c))	80,060	0.80
Balance as at 31 March 2019	**87,919,033**	**879.19**
(a) Issue of equity shares pursuant to preferential allotment (refer note 14.1)	710,526	7.11
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2010 and 2014 (refer note 37(c))	61,070	0.61
Balance as at 31 March 2020	**88,690,629**	**886.91**

b. Share pending issuance

Particulars	(₹ in million)
Balance as at 01 April 2018	299.75
Less: Share issued during the year (refer note 14.1)	(299.75)
Balance as at 31 March 2019	**-**

c. Other equity

(₹ in million)

Particulars	Note No.,	Reserves and surplus				Items of other comprehensive income			Equity attributable to share holders of the company	Non-controlling interests	Total other equity
		Capital reserve	Securities premium	Share options outstanding account (refer note 15.2)	Retained earnings	Foreign currency translation reserve	Remeasurements of the defined benefit plans	Cash flow hedging reserve (refer note 15.7)			
Balance as at 01 April 2018		**15.67**	**5,284.88**	**37.08**	**(1,353.25)**	**-**	**(2.14)**	**-**	**3,982.24**	**639.21**	**4,621.45**
Loss for the year		-	-	-	(247.97)	-	-	-	(247.97)	(60.78)	(308.75)
Other comprehensive (loss)/ income for the year (net of tax)		-	-	-	-	11.42	2.07	(41.79)	(28.30)	0.44	(27.86)
Total comprehensive income		**-**	**-**	**-**	**(247.97)**	**11.42**	**2.07**	**(41.79)**	**(276.27)**	**(60.34)**	**(336.61)**
Transactions recorded directly in equity											
Premium on shares issued during the year	15.1 & 15.2	-	290.63	-	-	-	-	-	290.63	-	290.63
Share issue expenses	15.1	-	(0.09)	-	-	-	-	-	(0.09)	-	(0.09)
Transferred to Securities premium account on exercise of ESOPs	15.2	-	11.93	(11.93)	-	-	-	-	-	-	-
Expense on employee stock option scheme	15.2	-	-	30.56	-	-	-	-	30.56	-	30.56
Change in fair value of gross obligations over written put options issued to the non-controlling interests	15.6	-	-	-	(63.74)	-	-	-	(63.74)	-	(63.74)
On equity accounted investee		(8.90)	-	-	-	-	-	-	(8.90)	-	(8.90)
Additional investments by non-controlling interests	16.0	-	-	-	-	-	-	-	-	55.29	55.29
Adjustment on account of common control transactions & change in holding (net)	15.6 &16	-	-	-	(67.15)	-	-	-	(67.15)	(178.69)	(245.84)
Balance as at 31 March 2019		**6.77**	**5,587.35**	**55.71**	**(1,732.10)**	**11.42**	**(0.07)**	**(41.79)**	**3,887.28**	**455.47**	**4,342.75**
Loss for the year		-	-	-	(1,066.95)	-	-	-	(1,066.95)	(187.58)	(1,254.53)
Other comprehensive (loss)/ income for the year (net of tax)		-	-	-	-	6.74	(7.11)	5.17	4.80	(0.34)	4.46

Consolidated Statement of Changes in Equity for the years ended 31 March 2020 and 31 March 2019 (continued)

(₹ in million)

Particulars	Note No.,	Reserves and surplus				Items of other comprehensive income			Equity attributable to share holders of the company	Non-controlling interests	Total other equity
		Capital reserve	Securities premium	Share options outstanding account (refer note 15.2)	Retained earnings	Foreign currency translation reserve	Remeasurements of the defined benefit plans	Cash flow hedging reserve (refer note 15.7)			
Total comprehensive income		**-**	**-**	**-**	**(1,066.95)**	**6.74**	**(7.11)**	**5.17**	**(1,062.15)**	**(187.92)**	**(1,250.07)**
Transactions recorded directly in equity											
Premium on shares issued during the year	15.1 & 15.2	-	195.46	-	-	-	-	-	195.46	-	195.46
Share issue expenses	15.1	-	(0.07)	-	-	-	-	-	(0.07)	-	(0.07)
Transferred to Securities premium account on exercise of ESOPs	15.2	-	13.51	(13.51)	-	-	-	-	-	-	-
Expense on employee stock option scheme	15.2	-	-	28.30	-	-	-	-	28.30	-	28.30
Change in fair value of gross obligations over written put options issued to the non-controlling interests	15.6	-	-	-	(129.09)	-	-	-	(129.09)	-	(129.09)
Additional investments by non-controlling interests	16.00	-	-	-	-	-	-	-	-	117.59	117.59
Adjustment on account of notional capital	15.60	-	-	-	5.91	-	-	-	5.91	-	5.91
Balance as at 31 March 2020		**6.77**	**5,796.25**	**70.50**	**2,922.22**	**18.16**	**(7.18)**	**(36.62)**	**2,925.64**	**385.14**	**3,310.78**

Securities premium
Securities premium is used to record the premium on issue of equity shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding Account
The Company has employee stock option plans for eligible employees of the Company and its group companies. refer note 37 for further details on these plans. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Capital reserve
Capital reserve is created on acquisition of business of Central India Cancer Research Institute (CICRI) and transaction with Strand Life Sciences Pvt. Ltd by the Company. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013

Retained earnings
Retained earnings represent the amount of accumulated earnings of the Company.

Cash flow hedging reserve
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

Foreign currency translation reserve (FCTR)
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the FCTR. Exchange difference accumulated in the foreign currency translation reserve are reclassified to Statement of Profit and Loss on the disposal of the foreign operation.

Remeasurement of defined benefit plan
This represents the actuarial gain and losses on defined benefit plan.

Significant accounting policies 3

The accompanying notes are an integral part of these Consoldated financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

1 HealthCare Global Enterprises Limited ('the Company') and its subsidiaries (collectively referred to as "the Group") its associate / joint venture 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 financial statements for the year ended 31 March 2020 were approved by the Board of Directors and authorised for issue on 28 July 2020.

2.1 Basis of preparation of the financial statements

(a) 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.

(b) Going concern basis and impact of Covid-19

The COVID-19 pandemic has been rapidly spreading throughout the world, including India. Governments around the world have been taking significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities including travel. Consequently, the scale of operations has reduced significantly, inter-state and intra-state movement restrictions have impacted both the patient's footfall and the healthcare workers. As a result of the lockdown, the likely revenue from mid-March 2020 and onwards has been impacted. Continued lockdowns are likely to impact the Group operationally including its new projects and IVF business.

The Group has incurred losses in the current year and as at the balance sheet date, the Group's current liabilities exceeds its current assets. Management believes that it has taken into account the possible impacts of known events arising from COVID-19 pandemic in the preparation of the consolidated financial statements including but not limited to its assessment of Group's liquidity and going concern and various estimates in relation to the consolidated financial statements captions upto the date of adoption of consolidated financial statements by the Board of Directors. Subsequent to the balance sheet date, the Company has received ₹ 5,128 million on issue of Equity shares and Warrants and the Company has prepared the consolidated financial statements on Going concern basis (refer note 49a). Given the nature and duration of COVID-19, its impact on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

(c) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Group's functional currency. All amounts are in Indian Rupees million except share data and per share data, unless otherwise stated. The functional currency of foreign subsidiary is the currency of the primary economic environment in which the entity operates.

(d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair Value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

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.

(e) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Application of accounting policies that require critical accounting estimates involving judgments and the use of assumptions in the consolidated financial statements have been disclosed below:

Judgements

- Note 6B - Leasing arrangements :

Evaluation whether an arrangement qualifies to be a lease based on the requirements of the relevant standard.

Identification of a lease requires significant management judgment.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

- Note 5 - Property, plant and equipment:
  Timing of capitalisation and nature of cost capitalised.

- Note 18 - Liability on written put options

- Note 18 : Supplier factoring facility :
  Whether the arrangement is financing in nature.

- Note 46 - The Managaement has assessed whether or not the Group has control over the entities consolidated

Assumptions and estimation uncertainties

- Note 6B - Leasing arrangements :
  Determination of lease term and discount rate

- Note 5 - Estimation of useful life of property, plant and equipment

- Note 31 - Deferred tax balances (net) :
  Timing and level of future taxable profit

- Note 32 - Recognition and measurement of provisions and contingencies:
  key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 36 - Employee benefit plans:
  key actuarial assumptions.

- Note 6- Goodwill impairment assessment :
  Key inputs considered i.e. discount rate, growth rate and profitability

- Note 40 - Impairment of financial assets :
  Key inputs considered i.e. discount rate, growth rate and profitability

- Note 40 and 12 - Expected credit loss :
  Forward adjustment to the collected trend

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, goodwill, investments, allowance for trade receivables and the net realisable values of other assets. Refer note (b) above.

(f) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group's has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the chief financial officer.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group's uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group's recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

Put option over NCI is recorded as financial liability and the debit entry is to 'other' equity, any subsequent change in the carrying amount of the put liability is recognised in other equity. In case the put option expires unexercised, then the put liability is reversed against other equity.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(d) Equity accounted investees

The Group's interests in equity accounted investees comprise interest in an associate and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees until the date on which significant influence or joint control ceases.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Summary of significant accounting policies

(a) Revenue recognition

Medical services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. As per Ind AS 115, "Revenue fron contracts with customers", revenue from hospital services are recognized as and when services are performed, unless significant future uncertainties exist. The Group assess the distinct performance obligation in the contract and measures to at an amount that reflects the consideration it expects to receive net of tax collected and remitted to Government and adjusted for discounts and concession. The Group based on contractual terms and past experience determines the performance obligation satisfaction over time. Unbilled revenue is recorded for the service rendered where the patients are not discharged and final invoice is not raised for the services.

Sale of medical and non-medical items

Pharmacy Sales are recognised when the control of the products being sold is transferred to the customer and no significant uncertainties exist regarding the amount of consideration that will be derived from the sale of goods as regarding its collection. 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.

Other operating revenue

Other operating revenue comprises revenue from various ancillary revenue generating activities like facilitation of training programmes, operations and maintenance arrangements and research projects as per the management agreement with other entities. The service income is recognised only once the services are rendered, there is no unfulfilled performance obligation as per the terms of agreement and no significant future uncertainties exist.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Group recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before the Group transfers the promised goods or services to the customer.

Disaggregation of revenue

The Group disaggregates revenue from hospital services (medical and healthcare services), sale of medical and non-medical items and other operating income. The Group believes that this disaggregation best depicts how

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

the nature, amount, timing and uncertainty of Group's revenues and cash flows are affected by industry, market and other economic factors.

Dividend and interest income

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.

Dividend income is recognised when the Group's right to receive dividend is established.

(b) Leases

Policy applicable with effect from 01 April 2019

Group as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Group. Generally, the Group uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning from 01 April 2019 using the modified retrospective method where right of use of asset is recognised equal to lease liability recognised on the date of initial application (01 April 2019). Accordingly, the Group has not restated comparative information.

Group as a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

On transition, the Group has applied following practical expedients:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date.

- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of -use-asset at the date of transition.
- Grandfathered the assessment of which transactions are, or contain leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- Relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group has also applied recognition exemptions of short-term leases to all categories of underlying assets. On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. Refer note 6B for details on impact due to Ind AS 116 application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. Also, the payments made for the lease arrangements has changed from operating activities to financing activities in the current year.

Policy applicable before 01 April 2019

Refer note 3 – Significant accounting policies – Leases in annual report of the Group for the year ended 31 March 2019, for the policy as per Ind AS 17, the previous standard on leases.

(c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group at the exchange rates at the dates of the transactions or an average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for exchange differences arising from translation of long-term foreign currency monetary items recognised in the consolidated financial statements of the Group for the period immediately before the beginning of the first Ind AS financial reporting period (prior to 01 April 2016), as per the previous GAAP, pursuant to the Group'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.

(d) Foreign currency translations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

arising, if any, are recognised in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognised in FCTR is transferred to the statement of consolidated profit and loss as part of the profit or loss on disposal.

(e) 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.

(f) Employee benefits

Defined benefit plan

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 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'.

Defined contribution plan

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Group makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Group's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Share-based payment transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model and Group's estimate of equity instruments that will vest. That cost is recognised, together with a corresponding increase in share-options together with a corresponding increase in share-options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

(g) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

(ii) 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 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Minimum alternative tax (‘MAT’) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax in future years. Ind AS 12, Income Taxes defines deferred tax to include carry forward of unused tax credits that are carried forward by the entity for a specified period of time. Accordingly, MAT credit entitlement is grouped with deferred tax assets (net) in the balance sheet.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Asset category	Useful life as per the management	As per schedule II of Companies Act, 2013
Buildings	60 years	60 years
Plant and Medical Equipment	10-15 years	10-15 years
Data processing equipment	3-6 years	3-6 years
Electrical installations	10 years	10 years
Furniture and fixtures	10 years	10 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years

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

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

Freehold land is not depreciated.

(i) 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.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Asset category	Useful Life
Computer software	3 years
Software for plant and machinery	13 years

(ii) Goodwill

Goodwill arising on a business combination is initially measured at excess of purchase consideration over fair value of identified net asset taken over. Subsequent measurement is at initial recognition less any accumulated impairment losses.

(i) Government grants

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

(j) Inventories

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

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

(k) 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).

Onerous contracts

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

(l) Financial instruments

a. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All

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other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. ***Classification and subsequent measurement***

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group

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considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when,

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and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. *Derivative financial instruments*

The Group holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

f. *Cash flow hedge*

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and accumulated in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss.

The Group designates only the changes in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contract ('forward points') is separately accounted for as a cost of hedging and recognised separately within equity.

If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(m) 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 is impaired. Ind AS 109 - Financial Instruments requires expected credit losses to be measured though a loss allowance. The Group 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.

Allowance for credit losses on receivables

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates.

(ii) Non-financial assets

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.

(n) Earnings per share (EPS)

Basic earnings per share are computed by dividing profit attributable to equity shareholders of the Group by the weighted average number

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for the year ended 31 March 2020

of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the 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.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

(p) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregate. Bank overdrafts and investment in liquid mutual funds are classified as cash and cash equivalents for the purpose of cash flow statement, as they form an integral part of an entity's cash management.

(q) Investment in subsidiaries and joint ventures

(i) Initial recognition

The acquired investment in subsidiaries and joint ventures are measured at acquitions date fair value

(ii) Subsequent measurement

Investment in equity shares of subsidiaries and joint ventures are accounted either;

(a) at cost, or

(b) in accordance with IND AS 109, financial instruments

The Group has elected to account its subsidiaries and joint ventures at cost less accumulated impairment losses, if any.

(r) Cash and cash equivalents

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

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman of the Group is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources on overall basis.

(t) Reverse factoring arrangement

Under this arrangement the vendors and suppliers of the Group discounts the invoices payable to them by Group. On maturity of the discounting period, the factor (underying banker) debits the bank account of the Group. The related interest is borne by the vendors and suppliers and this arrangement is not a utilisation of the sanction limit available to the Group.

The invoices discounted by the vendor and due to be settled by the Group is shown separately from "Trade Payable" as "Supplier Factoring Facility"

The discounting of invoices by supplier and vendor is considered as non-cash transactions and settlement by the Group on due date as "operating activity"

(u) Business combinations

In accordance with Ind AS 103, "Business combinations" the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business

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combination is generally measured at fair value as at the date the control and the net identifiable assets are acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in the Statement of Profit or Loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as equity, then its not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

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5 Property, plant and equipment and capital work-in-progress

(₹ in million)

Description of assets	Freehold Land	Buildings - owned	Buildings - leased	Leasehold improvements	Plant and medical equipment - owned	Plant and medical equipment - Leased	Office equipment	Furniture and fixtures	Data processing equipments	Electrical installation	Vehicles	Total	Capital work in progress
I. Gross block													
Balance as at 01 April 2018	**402.86**	**660.70**	**477.57**	**770.23**	**5,736.56**	**-**	**63.17**	**182.84**	**103.36**	**49.70**	**32.11**	**8,479.10**	**1,739.72**
Additions* $ (refer note 19)	-	14.03	4.21	511.70	1,357.28	10.32	17.34	105.84	51.67	122.71	3.89	2,198.99	1,577.76
Disposals	-	-	-	(0.93)	(3.13)	-	(0.28)	(0.39)	-	-	(1.06)	(5.79)	(33.80)
Capitalisation during the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,757.41)
Exchange fluctuation	-	-	-	-	9.82	-	-	-	-	-	-	9.82	-
Balance as at 31 March 2019	**402.86**	**674.73**	**481.78**	**1,281.00**	**7,100.53**	**10.32**	**80.23**	**288.29**	**155.03**	**172.41**	**34.94**	**10,682.12**	**1,526.27**
Transition impact of Ind AS 116 (Refer note 6B)	-	-	(481.78)	-	-	(10.32)	-	-	-	-	-	(492.10)	-
Restated balances as on 01 April 2019	**402.86**	**674.73**	**-**	**1,281.00**	**7,100.53**	**-**	**80.23**	**288.29**	**155.03**	**172.41**	**34.94**	**10,190.02**	**1,526.27**
Additions*$ (refer note 19)	-	98.95	-	596.51	1,323.72	-	10.69	46.78	25.80	37.29	1.67	2,141.41	891.60
Disposals	-	-	-	(0.01)	(9.13)	-	(2.50)	(0.81)	(0.22)	-	(1.10)	(13.77)	-
Capitalisation during the year	-	-	-	-	-	-	-	-	-	-	-	-	(1956.93)
Exchange fluctuation	-	-	-	-	11.32	-	-	-	-	-	-	11.32	-
Balance as at 31 March 2020	**402.86**	**773.68**	**-**	**1,877.50**	**8,426.44**	**-**	**88.42**	**334.26**	**180.61**	**209.70**	**35.51**	**12,328.99**	**460.94**
II. Accumulated depreciation and impairment													
Balance as at 1 April 2018	**-**	**44.81**	**49.97**	**162.67**	**939.28**	**-**	**31.12**	**56.64**	**46.38**	**18.06**	**4.50**	**1,353.43**	**-**
Depreciation expense	-	14.25	20.21	109.17	568.73	0.39	17.70	34.86	30.11	16.41	4.38	816.22	-
Eliminated on disposal of assets	-	-	-	-	(2.17)	-	(0.19)	(0.28)	-	-	(0.32)	(2.96)	-
Balance as at 31 March 2019	**-**	**59.06**	**70.18**	**271.84**	**1,505.84**	**0.39**	**48.63**	**91.22**	**76.49**	**34.47**	**8.56**	**2,166.69**	**-**
Transition impact of Ind AS 116 (Refer note 6B)	-	-	(70.18)	-	-	(0.39)	-	-	-	-	-	(70.57)	-
Restated balances as on 01 April 2019	**-**	**59.06**	**-**	**271.84**	**1,505.84**	**-**	**48.63**	**91.22**	**76.49**	**34.47**	**8.56**	**2,096.12**	**-**
Depreciation expense	-	14.99	-	138.99	704.35	-	19.07	34.93	36.93	19.89	4.26	973.41	-
Eliminated on disposal of assets	-	-	-	(1.67)	(6.04)	-	(2.13)	(1.20)	(0.08)	-	(0.53)	(11.65)	-
Balance as at 31 March 2020	**-**	**74.05**	**-**	**409.16**	**2,204.15**	**-**	**65.57**	**124.95**	**113.34**	**54.36**	**12.29**	**3,057.88**	**-**
Net block as at 31 March 2019	**402.86**	**615.67**	**411.60**	**1,009.16**	**5,594.69**	**9.93**	**31.60**	**197.07**	**78.54**	**137.94**	**26.38**	**8,515.43**	**1,526.27**
Net block as at 31 March 2020	**402.86**	**699.63**	**-**	**1,468.34**	**6,222.29**	**-**	**22.85**	**209.31**	**67.27**	**155.34**	**23.22**	**9,271.11**	**460.94**

Refer note 17 for details of charge created on property, plant and equipment .

* Directly attributable expenses capitalised of ₹ 255.89 million (31 March 19 ₹ 358.78 million). Total borrowing cost capitalised (included in directly attributable expenses) is ₹ 106.84 million (31 March 19 ₹ 30.16 million), of which ₹ 94.20 million relates to Lease Liability created as per Ind AS 116 (31 March 19 ₹ Nil).

$ Additions includes government grant recognised at fair value as per Ind AS 20, accounting for government grants and disclosure of government assistance (refer note 19).

*Acquisition of Property, plant and equipment through deferred payment settlement scheme ₹ 177 million.

Impact of COVID-19 (Global pandemic)

The Group has considered the impact of covid-19 while assessing the recoverable value of the property, plant and equipment. However, given the nature and duration of COVID-19, its impact on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

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6 Goodwill and other intangible assets

(₹ in million)

Description of assets	Goodwill (refer note (6A) below)	Other intangible assets			
		Computer software	Tenacy rights	Software for plant and machinery	Total
I. Cost					
Balance as at 01 April 2018	**1,093.40**	**114.22**	**11.00**	**3.42**	**128.64**
Additions	-	69.83	-	-	69.83
Balance as at 31 March 2019	**1,093.40**	**184.05**	**11.00**	**3.42**	**198.47**
Additions	-	294.63	-	-	294.63
Balance as at 31 March 2020	**1,093.40**	**478.68**	**11.00**	**3.42**	**493.10**
II. Accumulated amortisation					
Balance as at 01 April 2018	**-**	**64.91**	**2.20**	**3.42**	**70.53**
Amortisation expense for the year	-	32.43	2.20	-	34.63
Balance as at 31 March 2019	**-**	**97.34**	**4.40**	**3.42**	**105.16**
Amortisation expense for the year	-	61.26	6.60	-	67.86
Balance as at 31 March 2020	**-**	**158.60**	**11.00**	**3.42**	**173.02**
Net block as at 31 March 2019	**1,093.40**	**86.71**	**6.60**	**-**	**93.31**
Net block as at 31 March 2020	**1,093.40**	**320.08**	**-**	**-**	**320.08**

Refer note 17 for details of charge created on intangible asset.

6A Goodwill

For the purposes of impairment testing, goodwill from business acquisition has been allocated to the Cash Generating Units (CGU) as given below:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
BACC Healthcare Private Limited (refer note a)	554.30	554.30
HCG Medi-Surge Hospitals Private Limited (Refer note a)	53.46	53.46
Niruja Product Development and Healthcare Research Private Limited	0.25	0.25
Malnad Hospital and Institute of Oncology Private Limited	0.87	0.87
City Cancer Center (CCC) (refer note a)	484.52	484.52
Total	**1,093.40**	**1,093.40**

(a) The key assumptions used in the estimation of the recoverable amount are set out below:

Assumptions	31 March 2020 Values in %	31 March 2019 Values in %
Annual growth rate	-4% to 14%	10% to 22%
Terminal growth rate	3% to 5%	4% to 5%
Discount rate	11% to 14%	12% to 20%

The values assigned to the key assumptions represent management's assessment of future trends and based on historical data from both external and internal sources. Discount rate reflects the current market assessment of the risks specific to a Cash Generating Unit (CGU) or group of CGUs. The discount rate is estimated based on the capital asset pricing method for respective CGU. The cash flow projections included specific estimates developed using internal forecasts. The planning horizon reflects the assumptions for short-to-midterm market developments. The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

The estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

Impact of COVID-19 (Global pandemic)

The financial projections basis which the future cash flows have been estimated, consider the increase in uncertainties due to Covid-19, reassessment of the discount rates and subjecting these variables to sensitivity analysis.

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6B Right-of-use-assets (ROU)

(₹ in million)

Description of assets	Buildings	Plant and medical equipment - Leased	Total
I. Gross block			
Balance as at 01 April 2019	481.78	10.32	492.10
Additions	5,735.67	102.99	5,838.66
At 31 March 2020	**6,217.45**	**113.31**	**6,330.76**
II. Accumulated depreciation and impairment			
Balance as at 01 April 2019	70.18	0.39	70.57
Depreciation expense	476.50	7.50	484.00
At 31 March 2020	**546.68**	**7.89**	**554.57**
Net block as at 31 March 2020	**5,670.77**	**105.42**	**5,776.19**

The Group has lease arrangements primarily for its hospital buildings and medical equipments.

The aggregate depreciation expense on ROU amounting to ₹ 443.47 million is included in the "Depreciation and Amortisation expense" in the Consolidated statement of Profit and Loss and ₹ 40.53 million is capitalised to Property, Plant and Equipment and Capital work-in-progress.

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

(₹ in million)

Particulars	As at 31 March 2020
Current lease liabilities	214.96
Non-current liabilities	6,091.68
Total	**6,306.64**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on discounted basis:

(₹ in million)

Particulars	As at 31 March 2020
Less than one year	214.96
One to five years	822.58
More than five years	5,269.10

Given that primary equity raise (refer note 49a), the Group does not expect any liquidity risk with regard to its lease liabilities and these obligations would be met as and when they fall due.

Amounts recognised in consolidated statement of profit and loss

Particulars	As at 31 March 2020	As at 31 March 2019
Depreciation of right-of-use assets *	484.00	-
Interest on lease liabilities*	690.36	38.36
Rent expenses # (refer note 29)	70.53	236.70

* Interest and depreciation expenses capitalised amounting to ₹ 94.21 million and ₹ 40.53 million respectively during current fiscal year.

During the year ended 31 March 2020, the Group incurred expenses amounting to ₹ 40.71 million towards short-term leases and ₹ 29.82 million expenses towards variable rent.

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6B Right-of-use-assets (ROU) (Contd..)

Amounts recognised in Cash flow statement

(₹ in million)

Particulars	As at 31 March 2020
Repayment of principal portion of lease liability	122.00

Leases not yet commenced to which the group is committed : Surat, Kochi Project and Ahemdabad phase III.

Impact of COVID-19 (Global pandemic)

The Group does not foresee any large-scale contraction in demand which could result in significant down-sizing of its operations base rendering the physical infrastructure redundant. The leases that the Group has entered into with lessors for buildings are long term in nature and no changes in terms of those leases are expected till the balance sheet date.

7 Investment in equity accounted investees

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted equity instruments & preference instruments		
In Associate		
Healthcare Global (Africa) Private Limited	219.04	244.66
160,659 ordinary shares of USD 1 each fully paid up & 115,820 Preferred A shares of USD 1 each fully paid up (31 March 2019: 160,659 ordinary shares of USD 1 each fully paid up & 115,820 Preferred A shares of USD 1 each fully paid up)		
In Joint Venture		
Strand Life Sciences Private Limited	48.60	139.72
9,140,342 equity shares of ₹ 10 each fully paid up and 42,671 equity shares of ₹ 10 each fully paid up (31 March 2019: 9,140,342 equity shares of ₹ 10 each fully paid up and 42,671 equity shares of ₹ 10 each fully paid up) and 101,193 Series 1 preference shares of ₹ 10/- each, fully paid up; (31-March-2019: 101,193 Series 1 preference shares of ₹ 10/- each, fully paid up)		
	267.64	**384.38**

7 Investments

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
A) Non-current		
Investments carried at fair value through profit and loss (FVTPL)		
(a) In other companies		
Zoctr Health Private Limited (299 equity shares of ₹ 10/- each, fully paid up and 153 equity shares of ₹ 10/- each, fully paid up; (31-March-2019: 299 equity shares of ₹ 10/- each, fully paid up and 153 equity shares of ₹ 10/- each, fully paid up)	7.64	7.64
Suchirayu Healthcare Solutions Limited (2,055,000 equity shares of ₹ 10/- each, fully paid up; 31-March-2019: 2,055,000 equity shares of ₹ 10/- each, fully paid up) Refer note below	0.50	0.50
Note: The Company has entered into a non-disposal undertaking of the its investment in Suchirayu Healthcare Solutions Limited (Suchirayu) until the closure of the loan by Suchirayu.		
International Stemcell Services Limited (10,860 equity shares of ₹ 100/- each, fully paid up; 31 March 2019: International Stemcell Services Limited (10,860 equity shares of ₹ 100/- each, fully paid up)	5.61	5.61
Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up; 31 March 2019: Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up)	10.00	10.00

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for the year ended 31 March 2020

7 Investments (Contd..)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Niramai Health Analytix Private Limited (10 equity shares of Re. 1/- fully paid up; 31 March 2019: (10 equity shares of Re. 1/- fully paid up)	0.07	0.07
(ii) In other companies - unquoted Preference shares		
Niramai Health Analytix Private Limited (4,881 series A preference shares of ₹ 10/- each, fully paid up; 31 March 2019: 4,881 series A preference shares of ₹ 10/- each, fully paid up)	35.79	35.79
(c) Investments in mutual fund (quoted)		
Religare Invesco Short Term Fund- 3,922 units @ ₹ 3,546.66 (31-March-2019: 17,112.198 units @ ₹ 2,716.19)	13.91	46.48
Total non-current investments	**73.52**	**106.09**
Aggregate amount of quoted investments	13.91	46.48
Aggregate amount of Market value of investments	13.91	46.48
Aggregate amount of unquoted investments	59.61	59.61
Aggregate amount of impairment in value of investments	-	-

Impact of COVID-19 (Global pandemic)

The Group has considered the impact of COVID-19 while assessing the recoverable value of the Investments in associates and joint ventures. The financial projections and the revenue and EBITDA multiples basis which the recoverable values have been estimated, consider the increase in uncertainties due to COVID-19, reassessment of the discount rates and subjecting these variables to sensitivity analysis.

8 Loans receivable (unsecured)

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Considered good				
a) Advances to employees	-	26.73	-	23.08
b) Inter-corporate deposits (refer note 47)	105.00	-	-	105.00
c) Security deposits (refer note 44)	410.87	27.67	367.28	14.01
Total	**515.87**	**54.40**	**367.28**	**142.09**

*Refer note 17 for details of charge created on current loans.

9 Other financial assets

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Considered good				
Unbilled revenue (refer note 48)	-	155.70	-	159.50
Receivable from related parties (Refer note 44)	-	8.62	6.79	-
Share application money pending allotment (Refer note 44)	14.21	-	-	-
Term deposits (Orignail maturity more than 12 months)[1]	164.95	64.93	196.89	56.98
Interest accrued but not due on fixed deposits	17.01	2.32	13.80	0.99
Interest accrued on inter corporate deposit	26.05	3.00	-	15.90
Others	-	40.00	-	9.17
Considered doubtful				
Other receivables	-	8.80	-	-
Less: Allowance for bad and doubtful advances	-	(8.80)	-	-
	222.22	**274.57**	**217.48**	**242.54**

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9 Other financial assets (Contd..)

Note:

1 Term deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees

(₹ in million)

2	**Details of receivables from related parties in which any director is a director or a member**	**As at 31 March 2020**	**As at 31 March 2019**
-	HealthCare Global(Africa)Pvt Ltd	3.30	-
-	Sada Sarada Tumor & Research Institute	3.30	-

* Refer note 17 for details of charge created on other current financial assets.

10 Other assets

(₹ in million)

Particulars	**As at 31 March 2020**		**As at 31 March 2019**	
	Non Current	**Current***	**Non Current**	**Current***
Unsecured, considered good				
Capital advances	277.37	-	359.63	-
Prepaid expenses	136.34	62.41	320.06	60.63
Rental advance	-	-	-	37.04
Advance to vendors (refer note 44)	-	183.88	-	153.31
Balance with revenue authorities	-	30.59	-	36.04
Taxes paid under protest	-	22.65	-	12.66
Unsecured, considered doubtful				
Advance to vendors	-	27.13	-	27.13
Less: Allowance for bad and doubtful advances	-	(27.13)	-	(27.13)
	413.71	**299.53**	**679.69**	**299.68**

* Refer note 17 for details of charge created on other current assets.

11 Inventories (lower of cost and net realisable value)*

(₹ in million)

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Medical and non-medical items	232.58	267.72
	232.58	**267.72**

*Inventories are subject to charge to secure bank loans. There are nil provisions for written down to net realisable value.

12 Trade receivables (unsecured)

(₹ in million)

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
Trade receivables (unsecured) consist of following		
a) considered good	1,856.58	1,568.92
b) considered doubtful	411.24	378.82
Less: Allowance for bad and doubtful debts (expected credit loss allowance - Refer note 40)	(411.24)	(378.82)
	1,856.58	**1,568.92**

*Trade receivables are subject to charge to secure bank loans

Refer note 44 for trade receivables from related parties

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

13 Cash and cash equivalents

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	23.83	11.82
(b) Cheques, drafts on hand	4.28	11.65
(c) Balance in bank		
In current accounts	284.30	174.24
In Exchange Earners Foreign Currency Account (EEFC) accounts (refer note 41)	5.04	7.46
	317.45	**205.17**

13.1 Bank balance other than cash and cash equivalents above

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Other deposits*	2.74	3.49
Bank balance other than cash and cash equivalents above	**2.74**	**3.49**

*Other deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees. These deposits are restrictive.

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	23.83	11.82
(b) Cheques, drafts on hand	4.28	11.65
(c) Balance with bank		
In current accounts	284.30	174.24
In EEFC accounts (refer note 41)	5.04	7.46
(d) Other deposits	-	3.49
	317.45	**208.66**
Less: Bank overdrafts and repayable on demand (Refer Note 17)	(905.37)	(499.88)
Cash and cash equivalents as per consolidated statement of cash flows	**(587.92)**	**(291.22)**

Notes to the Consolidated Financial Statements

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14 Equity share capital

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital*:		
132,000,000 equity shares of ₹ 10 each (as at 31 March 2019: 132,000,000 equity shares of ₹ 10 each)	1,320.00	1,320.00
Issued, subscribed and paid up capital comprises:		
88,690,629 fully paid equity shares of ₹ 10 each (as at 31 March 2019: 87,919,033)	886.91	869.04

* Pursuant to the approval of the shareholders of the Company received on 12 June 2020, the authorized share capital of the Company be and is hereby increased from ₹ 1,320 million divided into 132,000,000 equity shares of ₹ 10 each to ₹ 2,000 million divided into 200,000,000 equity Shares of ₹ 10 each.

14.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

(₹ in million)

Particulars	Number of shares	Amount
Balance as at 01 April 2018	**86,904,473**	**869.04**
(a) Issue of equity shares pursuant to preferential allotment	934,500	9.35
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 37(C))	80,060	0.80
Balance as at 31 March 2019	**87,919,033**	**879.19**
(a) Issue of equity shares pursuant to preferential allotment	710,526	7.11
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 37(C))	61,070	0.61
Balance as at 31 March 2020	**88,690,629**	**886.91**

a) The shareholders of the Company, vide resolution passed in Extra Ordinary general meeting, held on 24 June 2019, approved the allotment of 710,526 equity shares of ₹ 10 each of the Company, at a price of ₹ 285 per share (including share premium of ₹ 275 per share), on Preferential Allotment basis, to Dr. Kunnathu Philipose Geevarghese. The same was approved by Board of Directors and allotted to Dr. Kunnathu Philipose Geevarghese on 25 June 2019.

b) The shareholders of the Company, vide resolution passed in Extra Ordinary general meeting, held on 29 March 2018, approved the allotment of 934,500 equity shares of ₹ 10 each of the Company, at a price of ₹ 321 per share (including share premium of ₹ 311 per share), on preferential basis, to Dr. Gopichand. The same was approved by Board of Directors and allotted to Dr. Gopichand on 09th April 2018.

14.2 Rights, preferences and restrictions attached to equity shares

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.

14.3 Details of shareholder holding more than 5% shares of equity shares

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Dr B.S Ajaikumar	17,680,921	19.94%	17,673,346	20.10%
V Sciences Investments Pte. Limited	8,320,805	9.38%	8,320,805	9.46%
Sundaram Mutual Fund	7,694,537	8.68%	6,656,557	7.57%
Buena Vista Asian Opportunities Master Fund Ltd.	2,876,237	3.24%	5,251,168	5.97%

Notes to the Consolidated Financial Statements

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14 Equity share capital (Contd..)

14.4 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 2020 and 31 March 2019

Particulars	Aggregate number of shares as at	
	31 March 2020	31 March 2019
(a) Issue of shares pursuant to mergers	1,531,562	1,531,562
(b) Issue of shares pursuant to Business acquisition	934,500	934,500

14.5 Number of equity shares of ₹ 10/- each reserved for issuance

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
a) to eligible employees under Employee Stock Option Scheme	2,801,973	2,863,043

15 Other equity

(₹ in million)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
Securities premium	15.1	5,796.25	5,587.35
Share options outstanding account	15.2	70.50	55.71
Capital reserve	15.3	6.77	6.77
Foreign currency translation reserve	15.4	18.16	11.42
Remeasurements of defined benefit plan	15.5	(7.18)	(0.07)
Retained earnings	15.6	(2,922.22)	(1,732.11)
Cash flow hedging reserve	15.7	(36.62)	(41.79)
		2,925.64	**3,887.28**

15.1 Securities premium

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	5,587.35	5,284.88
Premium on shares issued during year	208.97	302.56
Share issue expenses *	(0.07)	(0.09)
Balance at end of year	**5,796.25**	**5,587.35**

* Share issue expenses of ₹ 0.07 million towards preferential allotment of 710,526 shares during the year has been debited to securities premium (31 March 2019: Share issue expenses of ₹ 0.09 million towards preferential allotment of 934,500 shares during the year has been debited to securities premium).

15.2 Share options outstanding account

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	55.71	37.08
Transferred to Securities premium account on exercise of ESOPs	(13.51)	(11.93)
Deferred stock compensation expense for the year (refer note 26)	28.30	30.56
Balance at end of year	**70.50**	**55.71**

Refer note 37.

15.3 Capital reserve

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	6.77	15.67
On equity accounted investee	-	(8.90)
Balance at end of year	**6.77**	**6.77**

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15 Other equity (Contd..)

15.4 Foreign currency translation reserve

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	11.42	-
Other comprehensive income arising from exchange differences on translating the foreign operations	6.74	11.42
Balance at end of year	**18.16**	**11.42**

15.5 Remeasurements of the defined benefit plans

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(0.07)	(2.14)
Other comprehensive (loss)/ income arising from remeasurement of defined benefit plan (net of income tax)	(7.11)	2.07
Balance at end of year	**(7.18)**	**(0.07)**

15.6 Retained earnings

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(1,732.11)	(1,353.25)
Loss attributable to owners of the Company	(1,066.95)	(247.97)
Change in fair value of gross obligations over written put options issued to the non-controlling interests (refer note (i) below)	(129.09)	(63.74)
Adjustment on account of notional capital	5.91	-
Adjustment on account of change in holding without change in control (refer note (ii) and (iii) below)	-	(67.15)
Balance at end of year	**(2,922.22)**	**(1,732.11)**

(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.

(ii) In accordance with the terms of the shareholders' agreement dated 22 March 2013 ("SHA") entered amongst the Company, BACC HealthCare Private Limited ("BACC") and the minority shareholder in BACC, the Company shall acquire the remaining 49.9% share capital of BACC from the minority shareholder as per the SHA. The consideration of ₹ 694.42 million has been determined as per the terms of the SHA and will be settled within the period as mutually agreed between the Company and the minority shareholder. Accordingly, the non-controlling interest attributed to the minority shareholder amounting to ₹ 196.64 million has been reversed to retained earnings. Further, ₹ 41.56 million has been accured in respect of interest payable (31 March 2019; Nil) and a sum of ₹ 735.98 million has been classified as payable for share purchase as on 31 March 2020 (Refer note 18).

(iii) During the year ended 31 March 2019, Apex Criticare LLP, holding 49.90% stake in one of the subsidiary of the Company, Apex HCG Oncology Hospitals LLP (Apex LLP) retired from Apex LLP and was paid an amount of ₹ 252.50 million as consideration. Pursuant to this, the Company along with its wholly owned subsidiary, Niruja Product Development and Healthcare Research Private Limited holds 100% interest in Apex LLP. The consideration paid amounting to ₹ 252.50 million along with amount attributable to minority shareholder, being loss of ₹ 11.29 million up to the date of the retirement deed execution totalling to ₹ 263.79 million has been adjusted in retained earnings.

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15 Other equity (Contd..)

15.7 Cash flow hedging reserve

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at beginning of year	(41.79)	-
Other comprehensive income arising from remeasurement of hedging instrument in a cashflow hedge (net of income tax)	5.17	(41.79)
Balance at end of year (refer note 39)	**(36.62)**	**(41.79)**

16 Non-controlling interests

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	455.47	639.21
Loss for the year	(187.58)	(60.78)
Other comprehensive (losses)/ income for the year (net of tax)	(0.34)	0.44
Additional investments by non-controlling interests	117.59	55.29
Adjustment on account of change in holding without change in control (refer note 15.6 (ii) and (iii))	-	(178.69)
Balance at the end of the year	**385.14**	**455.47**

(i) 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.

17 Borrowings

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Secured - at amortised cost				
(i) Term loans *				
from banks (Refer note 17.1.1)	3,221.86	216.94	2,154.48	251.04
from other parties (Refer note 17.1.2)	1,599.60	10.65	1,602.37	13.51
(ii) Vehicle loans (Refer note 17.1.3)	2.14	1.92	4.58	1.76
(iii) Loans repayable on demand *				
-from Banks (bank overdraft) (Refer note 17.1.6)	-	905.37	-	299.88
Unsecured - at amortised cost				
(i) Deferred payment liabilities (Refer note 17.1.5)	431.96	685.95	837.53	643.72
(ii) Long term maturities of finance lease obligations$	-	-	563.73	-
(iii) Loans from others (Refer note 17.1.4)	40.54	10.87	6.41	-
(iv) Loans from related party (Refer note 17.1.7 and 44)*	-	31.23	-	-
(v) Loans repayable on demand from Banks Short Term Loan	-	-	-	200.00
Less : Amount included under "Other financial liabilites" (refer note 18)	-	(926.33)	-	(910.03)
Total	**5,296.10**	**936.60**	**5,169.10**	**499.88**

* Includes interest accured amounting to ₹ 8 million relating to loans repayable on demand, ₹7.87 million relating to term loan others, ₹ 27.94 million relating to term loan from banks and ₹ 0.3 million relating to loan from related party, which is clubbed under the respective loans outstanding as on 31 March 2020.

$ Reclassified to Lease Liability on transition to Ind AS 116, Leases (refer note 6B).

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17 Borrowings (Contd..)

17.1 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.

(₹ in million)

Terms of repayment and security	As at 31 March 2020	As at 31 March 2019
17.1.1 Term loans from banks - Secured		
Facility-1		
Non-current portion	3,106.01	2,095.88
Amounts included under current maturities of long-term debt	212.84	231.82
- 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 second pari-passu charge on all current assets and receivables (both present and future) of the Company, HCG Medi-Surge Hospitals Private Limited, HCG Oncology LLP, APEX HCG Oncology Hospitals LLP , HCG NCHRI Oncology LLP, HCG EKO Oncology LLP and HCG Manavata Oncology LLP. - Rate of interest: bank's 6 months MCRL + Spread rate (i.e. 0.70% to 1.25% p.a.) - Repayable in installments over a period of 6 to 10 years after 1 to 3 year moratorium from the date of borrowing. * Non-current portion of bank debt as disclosed herein is gross of ₹ 60.37 million towards unamortised loan processing charges, which is netted below (31 March 2019 of ₹ 73.77 million).		
Facility-2		
Non-current portion	1.15	0.03
Amounts included under current maturities of long-term debt	0.47	0.79
- 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% to 2.85% p.a - Payable in 57 monthly installments commencing from the date of borrowing after moratorium period of 3 months. (Refer note 40)		
Facility-3		
Non-current portion	-	-
Amounts included under current maturities of long-term debt	-	18.43
- 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. (Refer note 40) - Payable in 25 quarterly installments after moratorium period of 1 year. *Non-current portion of bank debt as disclosed is net of ₹ Nil towards unamortised loan processing charges set off against loan (31 March 2019 of ₹ 1.02 millions).		

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17 Borrowings (Contd..)

(₹ in million)

Terms of repayment and security		As at 31 March 2020	As at 31 March 2019
	Facility-4		
	Non-current portion	177.67	136.32
	Amounts included under current maturities of long-term debt	3.63	-
	- Secured by first charge on current assets including stock and book debts & first charge on the movable and immovable fixed assets of HCG Sun Hospitals LLP both present & future - Rate of interest: 12 months MCLR - Repayable in installments over a period of 10 years after 2 years moratorium from the date of borrowing. - Non-current portion of bank debt includes an amount of ₹ 2.6 millions towards unamortised loan processing charges set off against loan (31 March 2019 ₹ 2.96 millions)		
	Less: Unamortised loan processing charges	(62.97)	(77.75)
	Total of term loans from bank - secured	**3,438.80**	**2,405.52**
	Less: Amounts included under current maturities of long-term debt	(216.94)	(251.04)
	Non-current portion of bank borrowings	**3,221.86**	**2,154.48**
17.1.2	**Term loans from other parties - Secured**		
	Facility -1		
	Non-current portion	1,610.25	1,600.00
	Amounts included under current maturities of long-term debt	7.87	-
	Details of security and terms of repayment for the amounts borrowed: - Secured by a first pari-passu mortgage, charge and by way of hypothecation of entire immovable and movable properties of the Company, HCG Medi-Surge Hospitals Private Limited and HCG Oncology LLP; both present and future. A second paripassu charge on the entire current assets, cashflow, receivables, book debts and revenue of the Company, HCG Medi-Surge Hospitals Private Limited and HCG Oncology LLP, including Trust & Retention Account / Escrow Account, of whatsoever nature and arising both present & future. First pari-passu charge on entire intangible assets of all the Company, HCG Medi-Surge Hospitals Private Limited and HCG Oncology LLP, including but not limited to, goodwill and uncalled capital, intellectual property, intangible assets, both present and future. - Rate of interest: IDFC's benchmark rate prevailing on the date of disbursement (8.7% p.a.)+ spread @ 1.05% p.a. - Repayable in installments over a period of 12 years after 5 year moratorium from the date of borrowing.		
	Facility -2		
	Non-current portion	-	2.37
	Amounts included under current maturities of long-term debt	2.78	13.51
	- Secured by equipment of the company purchased out of amount financed - Rate of Interest 4.64% to 14.05% p.a. - Repayment varies between 48 to 84 monthly installments (Refer note 40)		
	Term loans from other parties - Secured	**1,620.90**	**1,615.88**
	Less: Amounts included under current maturities of long-term debt	(10.65)	(13.51)
	Non-current portion from other parties	**1,610.25**	**1,602.37**

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for the year ended 31 March 2020

17 Borrowings (Contd..)

(₹ in million)

Terms of repayment and security	As at 31 March 2020	As at 31 March 2019
17.1.3 Vehicle loan from bank - Secured		
Facility-1		
Non-current portion	2.14	4.51
Amounts included under current maturities of long-term debt	1.85	1.70
- Secured by hypothecation of vehicles of the parent company purchased out of finance - Rate of Interest 8% - 11.25% p.a. - Repayable in 18 to 60 monthly installments from the date of borrowing. (Refer note 40)		
Facility-2		
Non-current portion	-	0.07
Amounts included under current maturities of long-term debt	0.07	0.06
- 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 installments from commencing from the October 2014. (Refer note 40)		
Total of vehicle loans from bank - secured	4.06	6.34
Non-current portion	**2.14**	**4.58**
Amounts included under current maturities of long-term debt	**1.92**	**1.76**
17.1.4 Term loans from others - Unsecured		
Non-current portion	6.41	6.41
Amounts included under current maturities of long-term debt		
- Interest free loan repayable as and when funds are available.		
Non-current portion	34.13	-
Amounts included under current maturities of long-term debt	10.87	-
- Rate of interest: 10.6% p.a - Repayable in installments over a period of 3 years.		
17.1.5 Deferred payment liabilities - Unsecured		
Non-current portion	431.96	837.53
Amounts included under current maturities of long-term debt	685.95	643.72
- Rate of interest 3% p.a - Repayable over the period of 1 to 5 years . (refer note 40)		
17.1.6 Secured loan repayable on demand from banks:		
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. Rate of interest 3 months MCLR + 0.8% (spread rate)	905.37	299.88
17.1.7 Unsecured loan repayable on demand from banks: - Rate of Interest base rate: 12 months MCLR + 0.25% p.a. - Bullet Repayable in 6 months from the date of borrowing (revolving till 1 year from first drawing)	-	200.00
17.1.8 Unsecured loan from related parties: - Rate of Interest base rate: 11%. - It is repayable on demand	31.23	-

Impact of COVID-19 (Global pandemic)

The Group has availed of moratorium facility offered by the Banks on payment of interest and principal installment from March 2020 till August 2020. Further, given that primary equity raise (refer note 49a), the Group does not expect any liquidity risk with regard to its borrowing arrangements and these obligations would be met as and when they fall due. The interest of ₹ 16.97 million has been accrued as on 31 March 2020 and not paid due to the above moratorium.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

18 Other financial liabilities

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Current maturities of long-term debt and vehicle loans*	-	240.38	-	266.31
Current maturity of deferred payment obligations *	-	685.95	-	643.72
Liability on written put options (refer note 15.6.(i))	610.87	-	-	481.78
Interest accrued not due *	-	-	121.63	18.94
Creditors for capital goods	-	116.03	-	319.48
Derivative liability	12.87	65.39	106.78	3.17
Payable towards supplier factoring facility **	-	443.50	-	289.15
Payable for share purchase (refer note 15.6.(ii))	-	735.98	-	694.42
Payable on acquisition of business $	-	69.26	-	69.26
Accrued salaries and benefits	-	269.12	-	263.63
Others	-	28.00	-	-
Total	**623.74**	**2,653.61**	**228.41**	**3,049.86**

* The details of interest rates, repayment and other terms are disclosed under note 17 above.

The Company's exposure to liquidity risk are disclosed in note 40

** This represents invoices discounted by the various vendors wherein as per the terms of the arrangement on maturity these amount will be directly debited to the Group's bank account.

$ This pertains to payable to Dr. Gopichand towards business acquisition of City Cancer Centre as per the business transfer agreement dated 28 February 2018.

19 Other liabilities

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current	Non Current	Current
Advance from customers (refer note 48)	-	154.71	-	210.35
Balance due to statutory/government authorities	-	109.14	-	73.92
Deferred government grant*	422.34	40.64	330.82	31.03
Rent equalisation reserve	-	-	15.93	7.53
	422.34	**304.49**	**346.75**	**322.83**

* The Group imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Group is expected to meet the export obligation and it is exempted from paying customs duty on imports which is recognised as a government grant. Fair value of the government grant is capitalised along with the equipment. Deferred income is amortised over the useful life of the equipment it has been procured for. The government grant recognised as at 31 March 2020 is ₹ 156.01 million (31 March 2019: ₹ 388.37 million). EPCG income recognised during the year is ₹ 32.98 million (31 March 2018: ₹ 26.48 million). The unfulfilled export obligation as on 31 March 2020 is ₹ 2,234.91 million (31 March 2019: ₹ 1,825.59 million).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

20 Provisions

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non Current	Current*	Non Current	Current*
Employee benefits				
Gratuity (Refer note 36.2)	72.84	42.59	56.41	31.71
Compensated absences	-	47.86	-	41.06
Total	**72.84**	**90.45**	**56.41**	**72.77**

21 Trade payables

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 42)	0.06	1.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,535.64	1,526.06
Total	**1,535.70**	**1,527.45**

* for details related to payable to related parties - refer note 44

22 Revenue from operations (refer note 48)

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Income from medical services	10,076.29	8,865.51
(b) Sale of medical and non-medical items	729.70	743.31
(c) Other operating revenues	117.41	151.44
	10,923.40	**9,760.26**

Impact of COVID-19 (Global pandemic)

The Group has evaluated the impact of Covid-19 and resultant delay, postponement and/ or cancellation of oncology, multi-specialty procedures, reduction in footfalls of patients in Out Patients. The likely revenue from mid-March 2020 and onwards has been impacted. Continued lockdowns are likely to impact the Group operationally including its new projects and IVF business.

23 Income from government grant

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
EPCG Income (refer note 19)	32.98	26.48
	32.98	**26.48**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

24 Other income

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income (refer note below)	35.41	26.33
Interest income from financial assets at amortised cost	7.00	9.02
Net foreign exchange gains	14.05	5.07
Net gain on sale of property, plant and equipment	0.12	-
Net gain on sale of investments in mutual funds	0.54	-
Net gain on financial assets designated at fair value through profit and loss	1.18	3.34
Payables no longer required written-back	0.13	0.42
Miscellaneous income	11.25	29.91
	69.68	**74.09**
Note:		
Interest income comprise:		
Interest on bank deposits	18.88	13.76
Interest on income tax refund	2.70	0.21
Interest on inter-corporate deposit	13.83	12.36
	35.41	**26.33**

25 Changes in inventories

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year	267.72	240.26
Inventories at the end of the year	232.58	267.72
Net Increase/ (decrease)	**35.14**	**(27.46)**
Adjustments on account of business transfer arrangements, sale of units, subsidiaries, etc.	-	(1.04)
Net Increase/ (decrease)	**35.14**	**(28.50)**

26 Employee benefits expense

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages (refer note 5)	1,865.84	1,654.80
Contribution to provident and other funds (Refer note 36.2)	137.81	99.21
Expense on employee stock option scheme (Refer note 15.2 and 37)	28.30	30.56
Staff welfare expenses	48.34	60.63
	2,080.29	**1,845.20**

27 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Interest costs on :		
Interest on term loans from banks and others	474.61	321.79
Interest on finance liability measured at amortised cost	41.56	5.00
Interest on bank overdraft	83.12	57.89
Interest on deferred payment obligations	39.16	38.36
Interest expense on lease liabilities (Gross)	690.36	81.80

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

27 Finance costs (Contd..)

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Less; Capitalised in capital work-in-progress	(94.22)	-
Interest expense on lease liabilities (net)	596.14	81.80
Interest on defined benefit obligations	7.88	5.82
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	87.34	116.66
(b) Other borrowing costs:-	46.64	71.78
	1,376.45	**699.10**

28 Depreciation and amortisation expense

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 5)	973.41	816.22
Depreciation of right-of-use assets, Gross (refer note 6B)	484.00	-
Less; Capitalised	(40.53)	-
Depreciation of right-of-use assets, net (refer note 6B)	443.47	-
Amortisation of intangible assets (refer note 6)	67.86	34.63
Total depreciation and amortisation expense	**1,484.74**	**850.85**

29 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Medical consultancy charges	2,450.73	2,113.80
Lab charges (refer note 44)	385.03	371.04
Power and fuel & water charges	332.64	288.16
House keeping expenses	281.86	236.70
Rent (refer note 6B)	70.53	563.23
Repairs and maintenance		
Building	22.57	24.74
Machinery	236.31	173.17
Office maintenance & Others	90.10	59.47
Insurance	17.90	18.23
Rates and taxes	129.55	19.09
Printing & stationery	34.88	43.09
Advertisement, publicity & marketing	193.26	121.93
Travelling & conveyance	113.49	101.82
Legal & professional fees	183.04	187.78
Payment to auditors	13.71	12.85
Telephone expenses	35.21	40.26
Trade receivable written off	25.39	-
Allowance for doubtful receivables	32.42	38.67
Allowance for doubtful advances	8.80	-
Loss on disposal of property, plant and equipment	-	0.82
Corporate social responsibility (Refer note 30)	-	1.27
Expenditure towards share of profit	48.42	30.63
Miscellaneous expenses	49.80	56.46
	4,755.64	**4,503.21**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

30 Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the group has provided for as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

(a) Gross amount required to be spent by the group during the year is ₹ 7.08 million (2018-19: ₹ 5.20 million)

(b) Amount spent during the year ended 31 March 2020 on corporate social responsibility activities :

(₹ in million)

Particulars	31 March 2020	31 March 2019
Construction/acquisation of any asset	-	-
On purposes other than above	-	1.27

31 Income tax expense

31.1 Income tax recognised in the consolidated statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
Current tax	24.55	(11.04)
	24.55	**(11.04)**
Deferred tax		
- MAT	17.69	(48.34)
- Others	19.65	34.38
	37.34	**(13.96)**
Total income tax expense recognised in the Statement of profit and loss	**61.89**	**(25.00)**

The reconciliation between the income tax expense of the Group and Amounts computed by applying the Indian statutory income tax rate to Loss before taxes is as follows:

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss before tax	(1,192.64)	(333.75)
Enacted income tax rate in India	34.94%	34.99%
Computed expected tax expense	(416.76)	(116.79)
Effect of:		
Permanent differences	55.56	26.42
Income not taxable	-	(11.41)
Share of loss from subsidiaries/ associate/ joint venture	257.52	38.84
Differences of tax rates in subsidiaries	8.11	31.59
Reversal of Deferred tax asset recognised earlier	153.84	-
Others	3.62	6.35
	61.89	**(25.00)**

31.2 Income tax recognised in other comprehensive income

(₹ in million)

Particulars	31 March 2020	31 March 2019
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	3.95	(0.90)
Effective portion of loss/ (profit) on hedging instruments in a cash flow hedge	(2.78)	22.46
Total income tax recognised in other comprehensive income	**1.17**	**21.56**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

31 Income tax expense (Contd..)

31.3 Net deferred tax Assets and liabilities

Deferred tax balances

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax assets	261.40	268.61
Deferred tax liabilities	(69.84)	(39.71)
Net	**191.56**	**228.90**

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2020 are as follows:

(₹ in million)

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 *	(714.49)	(193.98)	-	(908.47)
Intangible assets	(22.80)	(26.02)	-	(48.82)
Financial liabilities at amortised cost	(1.54)	64.20	(2.78)	58.71
MAT credit entitlement	160.73	(28.30)	-	132.43
Sec 43B items	52.29	5.93	3.95	62.17
Provision for doubtful debts/advances	212.89	14.70	-	227.59
Tax losses	515.54	(38.94)	-	476.60
IND AS 116 impact*	-	162.89	-	162.89
Derivative and others	26.28	2.17	-	28.45
Total	**228.90**	**(37.34)**	**1.17**	**191.56**

*includes impact of finance lease reclassification.

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2019 are As follows:

(₹ in million)

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	(638.04)	(76.45)	-	(714.49)
Intangible assets	(24.66)	1.86	-	(22.80)
Financial liabilities at amortised cost	(0.37)	(1.17)	-	(1.54)
MAT credit entitlement	204.30	(43.57)	-	160.73
Sec 43B items	47.14	6.05	(0.90)	52.29
Provision for doubtful debts/advances	188.90	23.99	-	212.89
Tax losses	409.92	105.62	-	515.54
Derivative and others	6.12	(2.30)	22.46	26.28
Total	**193.31**	**14.03**	**21.56**	**228.90**

Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax ('MAT') if the tax payable under normal provisions is less than tax payable under MAT. Excess tax paid under MAT over tax under normal provision can be carried forward for a period of 15 years and can be set off against the future tax liabilities.Unabsorbed business losses expire 8 years after the year in which they originate and unabsorbed depreciation can be carried forward indefinitely unless there is a substantial change in the ownership. Tax benefits on unabsorbed business losses, unabsorbed depreciation and MAT credit entitlement have been recognised as deferred tax asset only to the extent it is probable that the future economic benefits associated with the asset will be realised.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

31 Income tax expense (Contd..)

31.4 Income tax assets (net)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax (net of provision)	817.79	553.90
	817.79	**553.90**

31.5 Income tax liabilities (net)

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for tax (net of advance tax)	21.68	0.34

32 Contingent liabilities

(₹ in million)

Particulars		As at 31 March 2020	As at 31 March 2019
a)	Corporate guarantees given (refer note 47)	432.73	544.29
b)	Other guarantees given	89.00	-
c)	Other money for which the company is contingently liable		
	Customs duty (Refer note 1)	4.48	4.48
	Excise and service tax (Refer note 2)	31.72	31.72
	Value added tax (Refer note 3)	49.03	18.19
	Income tax (Refer note 4)	2.74	2.74
	Central Sales tax (Refer note 3)	18.87	-
d)	Bonus to employees pursuant to retrospective Amendment to the Payment of Bonus Act, 1965 (Refer note 5)	9.98	9.98

Notes:

1. HCG Medisurge Hospitals Private Limited imported (HCG Medisurge) radiation equipment, Linear Accelerator-True Beam with standard accessories in two consignments. First consignment with main Linear Accelerator equipment was cleared by paying CVD @ 5% and second consignment was cleared as accessories of the medical equipment with Nil rate of CVD by claiming benefit under Notification No.06/2006 dated 01.03.2006. The Commissioner of Customs has passed the order against the import of the second consignment as “”Accessories/spare parts of Linear Accelerator”” which attracts CVD @ 5% and declined the benefit of Notification No. 06/2006 and levied duty of ₹ 2.24 million and penalty of ₹ 2.24 million along with applicable interest. The HCG Medisurge has appealed before Customs, Excise & Service Tax Appellate Tribunal, Mumbai and is positive of claiming benefit under said notification.

2. (a) Excise Commissionerate-III, Bengaluru has passed Order against the Company adjudicating that the product Fluro-deoxy-glucose (‘FDG’) is excisable and levied excise duty for the period under scrutiny from April 2009 to March 2014 of ₹ 6.80 million, interest on duty amount, penalty of ₹ 6.80 million, redemption fine of ₹.0.6 million in lieu of confiscation of goods not available. The order also imposed a penalty of ₹ 1 million on Dr. B.S.Ajaikumar, Chairman & CEO of the Company. The Company has filed an appeal before CESTAT by paying Central Excise Duty of ₹.0.6 million.

    Additional Commissionerate of Central Excise, Chennai, has passed the Order confirming the excisability on sale of FDG for the period March 2013 to June 2015 levying excise duty of ₹ 6.57 million, interest on duty amount and penalty of ₹ 6.57 million. If it is excisable the same has to be classified under Chapter 30 which attracts excise duty at 6% and valuation of captively consumed FDG will reduce the demand. The Group is positive of winning the case on the ground that FDG is not excisable as there is no specific entry in the Central Excise Tariff Act 1985.

Notes to the Consolidated Financial Statements

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32 Contingent liabilities (Contd..)

2 (b) HealthCare Global Senthil Multispecialty Hospitals Private Limited (HCG-Senthil), has undergone service tax audit for the period 2008-09 to 2012-13 and noted that during the period Jul 2010 to April 2011, medical services provided to TPA are chargeable to service tax for which a demand of ₹ 2.09 million is raised for short payment of service tax. Also purchase volume discount has been classified as business auxiliary services for which a demand of ₹ 1.29 million has been raised by Joint Commissioner, Salem. HCG-Senthil appealed before Commissioner of Central Excise (Appeals) where the order was passed in favour of Revenue. Subsequently, the Company has filed an appeal before CESTAT, Chennai. The HCG-Senthil has served to the patients under Tamil Nadu Government Scheme and the settlement is done by TPA, which is exempt from Service tax and purchase volume discount has been wrongly categorised as business auxiliary service which is out of the ambit of Service tax. Hence the HCG-Senthil believes there would be no service tax liability.

3 (a) HealthCare Global Vijay Oncology Private Limited which got merged with the Company effective from 01 April 2015, has undergone Departmental VAT audit for the period from 2011-12 to 2014-15. The Deputy Commercial Tax Officer, Vijayawada has raised a AP-VAT demand of ₹ 2 million and also passed the penalty order for ₹ 0.5 million as the Company has not charged & paid VAT on supply of food to patients. The Company has filed a writ petition before Andhra Pradesh High Court by paying ₹ 0.4 million VAT amount to department.

The Company is positive of winning the case on the ground that various High Courts in India have ruled that the supply of food to patient is pursuant to provision of medical service and is not a sale of goods.

3 (b) HCG Medisurge Hospitals Private Limited's (HCG Medisurge) VAT Assessment has been done for FY 2011-12 and noted that the HCG Medisurge has not paid VAT totalling ₹.9.49 million on goods which the Company claimed as exempted goods. The officer has levied interest of ₹ 4.56 million and penalty of ₹ 1.64 million by wrongly assessing service income as a taxable item and levying VAT on cafeteria which was offered by the Company to VAT under different VAT registration.

The HCG Medisurge has filed an appeal before the Joint Commissioner of Commercial Taxes producing the relevant supporting documents for supply of exempted goods, provision of medical Services and offering of cafeteria sales under different VAT registration number. The Company believes that the VAT demand will be dropped. Also, VAT Assessment has been done for FY 2013-14 and noted that the Company has not paid VAT totaling ₹.0.55 million on goods which the Company claimed as Input tax credit was disallowed wrongly. The officer has levied interest of ₹ 0.39 million by wrongly disallowing input tax credit and levying VAT. The Company has filed an appeal before the Joint Commissioner of Commercial Taxes by paying deposit under protest of ₹ 0.19 million dated 15-05-2019 . The Company believes that the VAT demand will be dropped.

3 (c) Healthcare Global Enterprises Limited assessment for Value Added Tax (VAT) has been done for FY 2013-14 and FY 2014-15 wherein the demand of ₹ 29.90 million has been determined. The demand has mainly arisen on account of differential rate of tax on canteen income, denial of input credit, wrongly taxing other income and ignoring the details of sales / sales returns. Against the demand, the Company has already paid an amount of ₹ 10.36 million. The demand has been upheld by first appellate authority, however, Company is in the process of filing an appeal before the Appellate Tribunal.

3 (d) Healthcare Global Enterprises Limited assessment for Central Sales Tax (CST) has been done for FY 2014-15, FY 2015-16 and FY 2016-17 wherein original orders were passed determining the demand of ₹ 18.87 million. The demand has mainly arisen on account of non-submission of 'F' Forms before the officer. Though, demand has arisen, it is to be noted that the transactions has been reported correctly and it is mere a procedural challenge leading to the demand. Against the demand the Company has already paid under protest an amount of ₹ 11.29 million. Subsequently, the rectification orders were passed wherein demand was reduced to ₹ 9.46 million. The Company being aggrieved by the order has challenged before the Joint Commissioner of Commercial Taxes on the ground that the pending 'F' forms would be submitted in due course. The Company believes that the CST demand will be dropped and there would be no adverse impact in the financial statements.

4. During the Financial Year 2011-12, HCG Medisurge Hospitals Private Limited (HCG Medisurge) had made payment to Aastha Oncology Private Limited towards their medical/professional consultancy services after deducting TDS @ 2% (Sec 197 certificate issued for ₹ 31 Million) and there after @ 10% under Section 194J. However, the Assessing officer has

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32 Contingent liabilities (Contd..)

erred in arriving at the total amount paid/payable to Aastha Oncology Private Limited due to not considering the revised quarterly e-TDS return amount while making TDS assessment and has levied short payment of TDS of ₹ 1.51 million and interest of ₹ 1.23 million. HCG Medisurge has produced the supporting documents during appeal and also accepted a short payment of TDS after considering all transactions with Aastha Oncology Private Limited during the previous year amounts to for ₹ 24,722/-

5. The Payment of Bonus (Amendment) Act, 2015 (hereinafter referred to as the Amendment Act, 2015) has been enacted on 31 December 2015, according to which the eligibility criteria of salary or wages has been increased from ₹.10,000 per month to ₹.21,000 per month (Section 2(13)) and the ceiling for computation of such salary or wages has been increased from ₹.3,500 per month to ₹.7,000 per month or the minimum wage for the scheduled employment, as fixed by the appropriate government, whichever is higher. The reference to scheduled employment has been linked to the provisions of the Minimum Wages Act, 1948. The Amendment Act, 2015 is effective retrospectively from 01 April 2014. Based on the same, the Group has computed the bonus for the year ended 31 March 2015 which amounts to ₹.9.98 million. The Company has taken a position that the stay granted by the two High Courts of India on the retrospective application of the amendment would have a persuasive effect even outside the boundaries of the relevant states and accordingly no provision is currently required.

6. The Hon'ble Supreme Court has, in a decision dated 28 February 2019, ruled that special allowance would form part of wages for computing the Provident Fund (PF) contribution. The Company keeps a close watch on further clarifications and directions from the respective department based on which suitable action would be initiated.

7. The Group is involved in other disputes, law suits and other claims including commercial matters which arise from time to time in the ordinary course of business. The Group believes that there are no such pending matters that are expected to have any material adverse effect on the consolidated financial statements.

33 Commitments

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	489.24	878.67

34 Loss per share (₹ in million unless otherwise stated)

The calculations of loss attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic loss and diluted loss per share calculations are as follows:

34.1 Basic loss per share

(₹ in million)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss for the year attributable to owners	(1,066.95)	(247.97)
The loss used in the calculation of basic loss per share	(1,066.95)	(247.97)
Weighted average number of equity shares for the purposes of basic loss per share	88,549,647	87,909,856
Basic loss per share (Amount in ₹)	**(12.05)**	**(2.82)**

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34 Loss per share (₹ in million unless otherwise stated) (Contd..)

34.2 Diluted (loss) / earnings per share

(₹ in million)

	For the year ended 31 March 2020	For the year ended 31 March 2019
The loss used in the calculation of diluted loss per share are as follows.		
Loss used in the calculation of basic loss per share	(1,066.95)	(247.97)
Loss used in the calculation of diluted loss per share	(1,066.95)	(247.97)
Weighted average number of equity shares used in the calculation of diluted loss per share	88,549,647	88,098,982
Diluted loss per share for the year (Amount in ₹)	**(12.05)**	**(2.82)**

The weighted average number of equity shares for the purpose of diluted loss per share reconciles to the weighted average number of equity shares used in the calculation of basic loss per share as follows:

(₹ in million)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of basic loss per share	88,549,647	87,909,856
Shares deemed to be issued for no consideration in respect of employee options	-	189,126
Weighted average number of equity shares used in the calculation of diluted loss per share	**88,549,647**	**88,098,982**

Since there is a loss for the year ended 31 March 2020, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

35 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the group's revenue and non-current assets by the group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been presented based on the geographical location of the customers and segment assets has been presented based on the geographical location of the assets.

(i) Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
India	10,923.40	9,760.26
Total	**10,923.40**	**9,760.26**

(ii) Non current assets*

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
India	18,420.86	12,846.38
Total	**18,420.86**	**12,846.38**

*Non-current assets exclude financial assets and deferred tax assets.

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36 Employee benefit plans

36.1 Defined contribution plans

The Group has defined contribution plan in form of Provident Fund 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:

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Contribution to Provident Fund included under contribution to provident and other funds	121.22	79.03
Contribution to Employee State Insurance Scheme, included under staff welfare expenses	19.91	20.18
	141.13	**99.21**

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.

Amounts recognised in consolidated statement of profit and loss in respect of this defined benefit plan are as follows.

(₹ in million)

Particulars	31 March 2020	31 March 2019
Service cost recognised in employee benefits expense in note 26	16.58	14.03
Net interest expense recognised in finance costs in note 27	7.88	5.82
Components of defined benefit costs recognised in the Statement of profit and loss	**24.46**	**19.85**
Service cost recognised in employee benefits expense in Note 26	16.58	14.03
Net interest expense recognised in finance costs in Note 27	7.88	5.82
Remeasurement of the net defined benefit plan:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(0.92)	(2.07)
Actuarial (gains) / losses arising from changes in financial assumptions	3.16	(1.02)
Actuarial (gains) / losses arising from experience adjustments	8.82	0.12
Remeasurement of the net defined benefit plan recognised in other comprehensive income	**11.06**	**(2.97)**

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in million)

Particulars	31 March 2020	31 March 2019
Present value of funded defined benefit obligation	116.68	89.28
Fair value of plan assets	1.25	1.16
Unfunded status	**115.43**	**88.12**
Net liability arising from defined benefit obligation	**115.43**	**88.12**

Movements in the present value of the defined benefit obligation are as follows.

(₹ in million)

Particulars	31 March 2020	31 March 2019
Opening defined benefit obligation	89.28	74.34
Current service cost	16.58	14.11
Interest cost	7.88	5.82

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36 Employee benefit plans (Contd..)

(₹ in million)

Particulars	31 March 2020	31 March 2019
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(0.92)	(1.59)
Actuarial (gains) / losses arising from changes in financial assumptions	3.16	(0.05)
Actuarial (gains) / losses arising from experience adjustments	8.82	0.03
Benefits paid	(8.12)	(3.38)
Closing defined benefit obligation	**116.68**	**89.28**
Non-current (refer note 20)	72.84	56.41
Current (refer note 20)	42.59	31.71

Movements in the fair value of the plan assets are as follows.

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening fair value of plan assets	1.16	1.08
Interest income	0.08	0.07
Excess return over interest income on plan assets	0.01	0.01
Closing fair value of plan assets	**1.25**	**1.16**

The fair value of the plan assets at the end of the reporting period for each category, are as follows

(₹ in million)

Particulars	Fair value of plan assets as at	
	31 March 2020	31 March 2019
Insurer-managed funds	1.25	1.16
Total	**1.25**	**1.16**

Plan assets consists of assets held in a 'long-term benefit fund' for the sole purpose of making future benefit payments when they fall due. Plan assets include qualifying insurance policies and are not quoted in the market.

The actual return on plan assets was ₹ 0.08 Million (for the year ended 31 March 2019: ₹ 0.07 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:

(₹ in million)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.36)	2.48	(0.95)	0.85
Future salary increase (1% movement)	5.63	(5.23)	1.81	(2.12)
Attrition rate (10% movement)	(2.02)	2.19	(0.31)	0.38

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 benefit obligation at 31 March 2020 is 5.48 years (as at 31 March 2019 is 6.03 years).

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36 Employee benefit plans (Contd..)

The principal assumptions used for the purposes of the actuarial valuations were as follows.

(₹ in million)

Particulars	Valuation as at	
	31 March 2020	31 March 2019
Discount rate(s)	5.90% to 6.50%	7.00% to 7.40 %
Expected rate(s) of salary increase	5.00% to 6.50%	5.00% to 5.00%
Rate of return on plan assets	6.00% to 6.50%	6.00% to 6.50%
Mortality table	IALM 2012-14	IALM 2006-08
Employee turnover rate	13.40% to 45.00%	13.40% to 45.00%

Maturity profile of defined benefit obligation:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Within 1 year	44.04	32.82
1-2 year	28.02	21.87
2-3 year	19.74	15.16
3-4 year	13.94	11.02
4-5 year	9.39	7.89
5-10 year	14.62	13.17
> 10 years	2.88	2.58

37 Share-based payments

A Employee share option plan of the Company

(a) ESOP 2010

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. 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) ESOP 2014

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 ESOP 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. "

Employee stock options will be settled by delivery of shares

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37 Share-based payments (Contd..)

B (i) 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	24-Jun-14	10-Nov-16	10-Nov-16	1-Apr-17
Fair market value of option at grant date (₹)	23.10	73.34	232.48	156.93	221.80
Fair market value of share at grant date (₹)	29.18	78.95	240.15	240.15	229.45
Exercise price (₹)	10.00	10.00	10.00	110.68	10.00
No. of options	1,294,800	110,100	165,400	30,000	25,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	1-Apr-17	11-Aug-17	6-Nov-17	22-May-18
Fair market value of option at grant date (₹)	120.08	261.61	269.27	298.55
Fair market value of share at grant date (₹)	229.45	269.35	276.95	306.81
Exercise price (₹)	150.00	10.00	10.00	10.00
No. of options	35,000	101,000	53,000	55,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	9-Nov-18	7-Feb-19	8-Aug-19	8-Aug-19
Fair market value of option at grant date (₹)	220.74	181.62	94.94	48.45
Fair market value of share at grant date (₹)	231.85	187.00	102.35	102.35
Exercise price (₹)	10.00	10.00	10.00	110.68
No. of options	25,000	47,000	141,800	30,000

(ii) The assumptions used in this model for calculating fair value of the ESOP granted during the current year and previous year are as below:

Assumptions	Grant Date: 22 May 2018 (ESOP 2014)			
	Vest 1 22 May 2019	Vest 2 22 May 2020	Vest 3 22 May 2021	Vest 4 22 May 2022
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.30%	7.61%	7.80%	7.91%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	25.05%	26.08%	28.40%	29.08%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 09 November 2018 (ESOP 2014)			
	Vest 1 09 Nov 19	Vest 2 09 Nov 20	Vest 3 09 Nov 21	Vest 4 09 Nov 22
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.52%	27.82%	29.24%	28.92%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 07 February 2019 (ESOP 2014)			
	Vest 1 07 Feb 20	Vest 2 07 Feb 21	Vest 3 07 Feb 22	Vest 4 07 Feb 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	6.89%	7.04%	7.16%	7.26%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	29.97%	27.83%	29.07%	29.26%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

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37 Share-based payments (Contd..)

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	5.50	6.00	6.50	7.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 08 August 2019 (ESOP 2014)			
	Vest 1 08 Aug 20	Vest 2 08 Aug 21	Vest 3 08 Aug 22	Vest 4 08 Aug 23
Variables	**10%**	**20%**	**30%**	**40%**
Risk free interest rate	7.29%	7.44%	7.55%	7.64%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	33.68%	33.68%	33.68%	33.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

C Employee stock options details as on the Balance Sheet date are as follows:

(₹ in million)

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	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	7,827	10.00	10,127	10.00
- ESOP 2014	520,910	25.20	471,670	20.17
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	171,800	27.58	127,000	10.00
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	1,950	10.00	2,300	10.00
- ESOP 2014	59,120	10.00	77,760	10.00
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	633,590	27.26	520,910	25.20
Options exercisable at the end of the year:				
- ESOP 2010	5,877	10.00	7,827	10.00
- ESOP 2014	119,530	36.17	64,530	31.64

* Options available for grant under ESOP 2014 Scheme are 2,162,506 (31 March 2019; 2,334,306).

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 is ₹ 118.80 (31 March 2019; ₹ 228.49)

The options outstanding at the end of the reporting period has exercise price in the range of ₹ 10 to ₹.150 (31 March 2019; ₹ 10 to ₹.150) and weighted average remaining contractual life of 7.7 years (31 March 2019; 8.1 years).

D For details of expense recognised in statement of profit and loss please refer note 26 and for details of movement in share options outstanding account refer note 15.2.

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38 Financial instruments

A Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at 31 March 2020 and 31 March 2019 are as follows:

(₹ in million)

Particulars	Carrying value as at	
	31 March 2020	31 March 2019
Financial assets		
Amortised cost		
Loans (including current and non-current)	570.27	509.37
Trade receivable	1,856.58	1,568.92
Cash and cash equivalents (including other bank balances)	320.19	208.66
Other financial assets	496.79	460.02
FVTPL		
Investments in unquoted equity instruments	59.61	59.61
Investments in mutual fund (quoted)	13.91	46.48
Total assets	**3,317.35**	**2,853.06**
Financial liabilities		
Amortised cost		
Loans and borrowings (including current maturities and short term borrowings)*	7,159.03	6,579.01
Lease liabilities (including current and non-current)	6,306.64	-
Trade payables	1,535.70	1527.45
Other financial liabilities (includes current and non-current)	1,467.52	1,494.61
Payable on acquisition of business	69.26	-
Payable for share purchase	735.98	-
FVTPL		
Payable on acquisition of business (Contingent consideration)	-	69.26
Payable for share purchase	-	694.42
FVTOCI		
Derivative liability (including current and non-current)	78.26	109.95
Total liabilities	**17,352.39**	**10,474.70**

The management assessed that fair value of above financial assets and liabilites approximates the fair value.

* Refer note 17 for details related to pledge of financial assets

39 Fair value hierarchy - Measurement of fair values

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).

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39 Fair value hierarchy - Measurement of fair values (Contd..)

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2020 and 31 March 2019.

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 31 March 2020				
Investment in mutual funds (quoted)	13.91	13.91	-	-
Investments in unquoted equity instruments	59.61	-	-	59.61
Financial liabilties measured at fair value as at 31 March 2020				
Derivative liability	78.26	-	78.26	-
Financial assets measured at fair value as at 31 March 2019				
Investment in mutual funds (quoted)	46.48	46.48	-	-
Investments in unquoted equity instruments	59.61	-	-	59.61
Financial liabilties measured at fair value as at 31 March 2019				
Payable on acquisition of business (Contingent consideration)	694.42	-	-	694.42
Derivative liability	109.95	-	-	109.95
Payable on acquisition of business (Contingent consideration)	69.26	-	-	69.26

There have been no transfers among Level 1, Level 2 and Level 3 during each of the years presented above.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity instruments	Recent completed transaction in the underlying investment	1. Price per share 2. Qualitative factors on operating performance vis a vis budgets 3. Regulatory factors	Not applicable
Contingent consideration	Discounted cashflows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined based on the management estimate of the achievement of the EBITDA target.	Risk adjusted discount rate - 10%	The estimated fair value would increase (decrease) if the risk adjusted discount rate were lower (higher).
Derivative Instruments	The fair value is estimated using valuation techniques with observable market inputs including currency spot and forward rates, interest rate curves, currency volatility, etc.	Not applicable	Not applicable

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39 Fair value hierarchy - Measurement of fair values (Contd..)

Details of assets and liabilities considered under Level 3 classification

(₹ in million)

Particulars	Investment in equity instruments
Balance as at 01 April 2018	8.14
Additions	51.47
Gain/(loss) recognised in other comprehensive income and statement of profit and loss	-
Balance as at 31 March 2019	59.61
Balance as at 01 April 2019	59.61
Additions	-
Gain/(loss) recognised in statement of profit and loss	-
Gain/(loss) recognised in other comprehensive income	-
Balance as at 31 March 2020	59.61

As at 31 March 2020 and 31 March 2019, a one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets does not have a significant impact in its value.

Derivative financial instruments (assets and liabilities): The Group is exposed to foreign currency fluctuations on foreign currency assets and liabilities, net investment in foreign operations and forecasted cashflows denominated in foreign currency.

The Group limits the effect of foreign exchange rate fluctuations by following an established risk management policies including the use of derivatives. The Group enters into derivative financial instruments where the counter party is primarily bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in the consolidated statement of profit and loss as cost. Subsequent to initial recognition, derivative financial instruments are measured as described below:

A. **Cashflow hedges:** Changes in fair value of the derivative hedging instrument is designated as a cash flow hedge are recognised in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognised in the statement of profit and loss.

B. **Others:** Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities.

Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing from counter parties. As at 31 March 2020, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Particulars	As at			
	31 March 2020		31 March 2019	
	Notional	Fair value	Notional	Fair value
Designated derivatives instruments				
Buy: Forward contracts	USD 8.02 million	₹ 78.26	USD 8.47 million	₹ 109.95
Weighted Average forward strike Price	₹ 80.10	₹ 80.10	₹ 79.81	₹ 79.81

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39 Fair value hierarchy - Measurement of fair values (Contd..)

The following table summarises activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

(₹ in million)

Particulars	As at	
	31 March 2020	31 March 2019
Balance as at the beginning of the year	(41.79)	-
Cost of hedging transferred to the consolidated statement of Profit and Loss	23.74	
(Gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	(15.79)	(64.25)
Net gain/(loss) on cash flow hedging derivatives, net	7.95	(64.25)
Balance as at the end of the year	(33.84)	(64.25)
Deferred tax thereon	(2.78)	22.46
Balance as at the end of the year, net of deferred tax (refer note 15.7)	(36.62)	(41.79)

The related hedge transactions for balance in cash flow hedging reserves as at 31 March 2020 are expected to occur and be reclassified to the statement of profit and loss over a period of two years (31 March 2019; The related hedge transactions for balance in cash flow hedging reserves as at 31 March 2019 are expected to occur and be reclassified to the statement of profit and loss over a period of three years).

40 Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risks which may adversely impact the fair value of its financial instruments.

(i) Risk management framework

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.

(ii) 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, security deposit, investments, cash and cash equivalents, bank deposits and loans. 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 are unsecured comprise a widespread customer base. Group 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 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 wherever required. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as derived as per the trend of trade receivable ageing of previous years.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

40 Financial risk management (Contd..)

1. **The Provision matrix at the end of the reporting period is as follows:-**

Category	31 March 2020	31 March 2019
Less than 1 year	3% to 26%	7% to 10%
1-2 years	26% to 59%	36% to 51%
2-3 years	60% to 100%	52% to 64%
More than 3 years	100%	100%

2. **The provision details of the trade receivable is given below.**

Movement in the expected credit loss allowance

(₹ in million)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at beginning of the year	378.82	340.15
Additional provision during the year (refer note 29)	32.42	38.67
Balance at end of the year (refer note 12)	**411.24**	**378.82**

No single customer accounted for more than 10% of the revenue as of 31 March 2020 & 31 March 2019. There is no significant concentration of credit risk.

Impact of COVID-19 (Global pandemic)

Trade receivables as at 31 March 2020 forms a significant part of the financial assets carried at amortized cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, the Group has evaluated the likelihood of increased credit risk and consequential default considering emerging Covid-19 situation. This assessment considers the current collection pattern across various customers. The Group is closely monitoring the developments across various customers and states. Basis this assessment, provision made towards ECL is considered adequate.

Details of geographic concentration of revenue is included in note 35 to the financial statements

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. Pursuant to the impact of Covid-19, the Group has assessed the counterparty credit risk and concluded the carrying / fair value, as applicable, of the financial instruments and deposits with banks to be appropriate.

c) **Derivatives**

The Group enters into derivative financial instruments with counter-parties, primarily, banks with investment grade credit ratings.

(iii) 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 primary fund raise is at advance stage to enable the Company meet its obligation as and when they fall due.

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. Also refer note 49.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

40 Financial risk management (Contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019.

(₹ in million)

Particulars	As at 31 March 2020					
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	7,159.04	1,862.93	780.57	786.80	593.25	3,135.48
Lease liabilities	6,306.64	214.96	198.18	194.53	204.89	5,494.08
Trade payables (including supplier credit facility)	1,535.70	1,535.70	-	-	-	-
Other financial liabilities	1,467.52	856.65	610.87	-	-	-
Derivative liability	78.26	65.39	12.87	-	-	-
Payable from Share purchase	735.98	735.98	-	-	-	-
Payable on acquisition of business	69.26	69.26	-	-	-	-

(₹ in million)

Particulars	As at 31 March 2020					
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Borrowings	6,579.01	1,409.91	733.42	547.00	368.13	3,520.55
Trade payables	1,816.60	1,816.60	-	-	-	-
Other financial liabilities	1,899.89	1,778.26	-	-	-	121.63
Derivative liability	109.95	3.17	89.99	16.79	-	-
Payable on acquisition of business	69.26	69.26	-	-	-	-

(iv) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

(a) 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.

(i) The following table presents unhedged foreign currency risk from financial instruments as of 31 March 2020 and 31 March 2019

As at 31 March 2020

(₹ in million)

Particulars	Rupee equivalent of foreign currency amounts			
	US $	Euro	JPY	Total
Assets				
Cash and cash equivalents	5.04	-	-	5.04
Trade receivables	149.30	-	-	149.30
Liabilities				
Borrowings	834.00	339.36	-	1,173.36
Creditors for capital goods	2.17	8.22	-	10.39
Trade payable	12.54	-	-	12.54
Net assets/liabilities	**(694.37)**	**(347.58)**	**-**	**(1,041.95)**
Forward exchange contracts		-	-	601.85
Net exposure	**-**	**-**	**-**	**(440.10)**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

40 Financial risk management (Contd..)

As at 31 March 2019

(₹ in million)

Particulars	Rupee equivalent of foreign currency amounts			
	US $	**Euro**	**JPY**	**Total**
Assets				
Cash and cash equivalents	7.46	-	-	7.46
Trade receivables	99.25	-	-	99.25
Capital advance	-	1.95	-	1.95
Liabilities				
Borrowings	1,551.87	121.29	-	1,673.16
Creditors for capital goods	1.01	0.22	-	1.23
Trade payable	36.47	-	-	36.47
Net assets/liabilities	**(1,482.64)**	**(119.56)**	**-**	**(1,602.20)**
Forward exchange contracts	586.21	-	-	586.21
Net exposure	**(896.43)**	**(119.56)**	**-**	**(1,015.99)**

(ii) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments

(₹ in million)

Particulars	Impact on profit or (loss) before tax	
	As at 31 March 2020	**As at 31 March 2019**
USD Sensitivity		
₹/USD - Increase by 1%	10.42	18.20
₹/USD - Decrease by 1%	(10.42)	(18.20)

(b) Cash flow and fair value 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.

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Variable rate long term borrowings including current maturities	4,368.89	4,085.48
Total borrowings	**4,368.89**	**4,085.48**

(ii) Sensitivity analysis

Every 1% increase or decrease in MCLR rate does not have material impact to statement of profit and loss and other components of equity

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Sensitivity		
1% increase in MCLR rate	43.69	40.85
1% decrease in MCLR rate	(43.69)	(40.85)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

41 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. Also refer note 49.

The capital structure is as follows:

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
Total equity attributable to the equity share holders of the Group	3,812.55	4,766.47
As percentage of total capital	36%	43%
Total loans and borrowings	7,159.03	6,579.01
Cash and cash equivalents	317.45	205.17
Net loans & borrowings	**6,841.58**	**6,373.84**
As a percentage of total capital	64%	57%
Total capital (loans and borrowings and equity)	**10,654.13**	**11,140.31**

42 Due to Micro, Small and Medium Enterprises (refer note 21)

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 and 31 March 2019 have been made in the financial statements based on information received and available with the group. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The group has not received any claim for interest from any supplier.

(₹ in million)

Particulars	31 March 2020	31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year	0.06	1.39
Principal	0.06	1.39
Interest	-	-
The amount of interest paid by the buyer under MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

All trade payables are 'current.' The Group's exposure to currency and liquidity risks related to trade payable is disclosed in note 41

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

43 Related Party Disclosures

Transactions and balances between the Company and its subsidiaries which are related parties of the Company have been eliminated and are not disclosed in this note.

A. Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	**Whole-time director**
	Dr. B. S. Ajaikumar, Chairman and CEO
	Dr. B. S. Ramesh (from 22 May 2018)
	Non-executive directors
	Gangadhara Ganapati
	Dr. Amit Varma
	Independent directors
	Sampath T Ramesh
	Sudhakar Rao
	Suresh C Senapaty
	Bhushani Kumar
	Shanker Annaswamy
	Key Managerial Personnel
	Srinivasa V. Raghavan- Chief Financial Officer
	Sunu Manuel- Company Secretary
Joint venture	Strand Lifesciences Private Limited
Associate	HealthCare Global (Africa) Private Limited
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
	Sada Sarada Tumor & Research Institute
	Wipro GE Healthcare Pvt Ltd
	B.C.C.H.I Trust
	HCG Foundation
	Gutti Malnad Hospital LLP

B Details of related party transactions during the year:

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of medical and non-medical items		
- Sada Sarada Tumor & Research Institute	6.92	46.79
- Strand Life Sciences Private Limited	0.92	-
Income from medical services		
- JSS Bharath Charitable Trust	7.82	12.22
- HCG Foundation	5.69	4.58
- Sada Sarada Tumor & Research Institute	3.60	6.16
- Gutti Malnad LLP	-	0.29
Purchase of pharmacy products and consumables		
- Strand Life Sciences Private Limited	1.68	-
Purchase of Fixed Assets		
- Strand Life Sciences Private Limited	5.70	-
Lab charges		
- Strand Life Sciences Private Limited	257.57	259.07
Rent charges		
- Sada Sarada Tumor & Research Institute	0.84	1.26

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

43 Related Party Disclosures (Contd..)

(₹ in million)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Investment made during the year in		
- Strand Life Sciences Private Limited	-	5.33
- HealthCare Global (Africa) Private Limited	8.71	-
Loan received		
- Dr. B S Ajaikumar	50.00	-
Loan repaid		
- Dr. B S Ajaikumar	19.08	-
Repairs and maintenance - Annual Maintenance charges (AMC)		
Wipro GE Healthcare Pvt Ltd	18.20	11.40
Interest expenses		
- Dr. B S Ajaikumar	0.30	-
Reimbursement of capital expenditure/ revenue expenditure cross charged by the Group		
- HCG Foundation	0.13	-
- Sada Sarada Tumor & Research Institute	0.09	-
- JSS Bharath Charitable Trust	3.51	-
- Strand Life Sciences Private Limited	3.93	-
Other advances given		
- Strand Life Sciences Private Limited	50.00	-
- Sada Sarada Tumor & Research Institute	0.09	-
Other advances received		
- JSS Bharath Charitable Trust	20.00	-
- Sada Sarada Tumor & Research Institute	31.00	-
- B. C. C. H. I. Trust	0.07	-
Other advances repaid		
- JSS Bharath Charitable Trust	20.00	-
- Sada Sarada Tumor & Research Institute	31.00	-
Short-term employee benefits to:		
- Dr. B S Ajaikumar (refer note 45) *	20.83	28.07
- Ms. Anjali Ajaikumar	5.32	5.02
- Dr. B S Ramesh (refer note 45)	8.03	7.28
- Srinivasa Raghavan	10.01	7.44
- Sunu Manuel	3.61	5.33
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.		
* The CEO of the company have waived off his fixed compensation for two months during the year.		
Share based payments to:		
- Srinivasa Raghavan	1.57	0.67
- Sunu Manuel	0.67	0.99
Sitting fees to Directors		
- Shanker Annaswamy	0.95	1.15
- Sampath T Ramesh	0.70	0.91
- Sudhakar Rao	0.70	0.86
- Suresh C Senapaty	0.73	1.21
- Bhushani Kumar	0.65	0.35
Transactions and balances between the company and its subsidiaries which are related parties of the company, have been eliminated and are not disclosed		

Notes to the Consolidated Financial Statements

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44 Details of related party balances outstanding:

(₹ in million)

Balances outstanding as at	As at 31 March 2020	As at 31 March 2019
Trade receivables		
- JSS Bharath Charitable Trust	1.44	4.26
- Sada Sarada Tumor & Research Institute	8.94	34.51
- B.C.C.H.I. Trust	0.01	0.01
- HCG Foundation	5.60	9.96
- Gutti Malnad LLP	2.08	2.02
Receivable from related parties - Other Financial Assets (current)		
- Sada Sarada Tumor & Research Institute	3.30	3.22
- B.C.C.H.I. Trust	-	0.07
- HealthCare Global (Africa) Pvt Ltd	3.30	-
- Wipro Ge Healthcare Pvt Ltd	2.02	-
Share application money pending allotment - Other Financial Assets (Non-current)		
- HealthCare Global (Africa) Private Limited	8.71	-
Advance to vendors - Other Assets		
- Strand Life Sciences Private Limited	50.00	-
Loan from related parties- short term borrowings		
- Dr. B S Ajaikumar (including interest accrued on loan)	31.23	-
Security deposits (refundable) with		
- Gutti Malnad LLP	3.50	3.50
Accrued employee benefits - Other financial liabilties (current)		
- Dr. B S Ajaikumar	6.23	8.45
- Ms. Anjali Ajaikumar	0.50	0.42
- Dr. B S Ramesh	0.52	0.54
- Srinivasa Raghavan	1.67	-
- Sunu Manuel	0.52	-
Trade Payables		
- Sada Sarada Tumor & Research Institute	0.01	0.01
- Gutti Malnad LLP	0.02	-
- Wipro GE India Pvt ltd	8.25	-
- Strand Life Sciences Private Limited*	105.07	20.60
- HCG Foundation	0.04	0.07

* Outstanding at 31 March 2020 and 31 March 2019 represents invoices due by the Group and discounted by Strand Life Sciences Private Limited. This has been disclosed as "Supplier factoring facility" under "other financial liability". On the maturity date, the account of the Company will be debited by the factoring bank.

All transactions with the related parties are priced at arm's length basis and resulting outstanding balances are to be settled as per the terms agreed. None of the balances are secured.

45 Managerial remuneration:

Dr. B. S. Ajaikumar was re-appointed as the Chairman & CEO of the Company for a period of 4 years with effect from 1 July 2019 and Dr. B. S. Ramesh have been appointed as Executive director of the Company with effect from 22 May 2018 for a period of 2 years.

For the financial year ended 31 March 2020

The remuneration of Chairman & CEO and the Executive director of the Company for the year ended 31 March 2020 amounts to ₹ 20.83 million (net off fixed salary waiver for two months) and ₹.8.03 million respectively. This has been approved by the Nomination and Remuneration Committee, the Board of Directors and is in accordance with the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013 considering the approval of the Shareholders of the Company through special resolution obtained on 26 September 2019.

For the financial year ended 31 March 2019

The remuneration of Chairman & CEO and the Executive director of the Company for the year ended 31 March 2019 amounts to ₹ 28.07 million and ₹ 7.28 million respectively. This has been approved by the Nomination and Remuneration Committee, the Board of Directors and the Shareholders of the Company, and is in accordance with the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013.

Notes to the Consolidated Financial Statements

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46 Subsidiaries, Associate & Joint venture

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	
		As at 31 March 2020	As at 31 March 2019
HCG Medi-Surge Hospitals Private Limited	India	74.00%	74.00%
Malnad Hospital & Institute of Oncology Private Limited	India	70.25%	70.25%
HealthCare Global Senthil Multi Specialty Hospital Private Limited	India	100.00%	100.00%
Niruja Product Development and Research Private Limited (formerly known as MIMS HCG Oncology Private Limited)	India	100.00%	100.00%
BACC Healthcare Private Limited*	India	Refer note b	Refer note b
HealthCare Diwan Chand Imaging LLP	India	75.00%	75.00%
Apex HCG Oncology Hospitals LLP (refer note a) *	India	100.00%	100.00%
HCG Oncology LLP	India	74.00%	74.00%
HCG NCHRI Oncology LLP	India	76.00%	76.00%
HCG Manavata Oncology LLP*	India	51.00%	51.00%
HCG EKO Oncology LLP*	India	50.50%	50.50%
HCG (Mauritius) Private Limited	Mauritius	100.00%	100.00%
HCG SUN Hospitals LLP	India	74.00%	74.00%

The principal activity of all the above mentioned subsidiaries is providing Healthcare services.

Note a : During the year ended 31 March 2019, Apex Criticare LLP, holding 49.90% stake in one of the subsidiary of the Company, Apex HCG Oncology Hospitals LLP (Apex LLP) retired from Apex LLP and was paid an amount of ₹ 2,525 lakhs as consideration. Pursuant to this, the Company along with its wholly owned subsidiary, Niruja Product Development and Healthcare Research Private Limited holds 100% interest in Apex LLP.

Note b: In accordance with the terms of the shareholders' agreement dated 22 March 2013 ("SHA") entered amongst the Company, BACC HealthCare Private Limited ("BACC") and the minority shareholder in BACC, the Company shall acquire the remaining 49.9% share capital of BACC from the minority shareholder as per the SHA. The consideration has been determined as per the terms of the SHA and will be settled within the period as mutually agreed between the Company and the minority shareholder.

* 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.

Notes to the Consolidated Financial Statements

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46 Subsidiaries, Associate & Joint venture (Contd..)

Details of Associate company at the end of the reporting period are as follows:

Name of the Associate	Place of Incorporation and Operation	Proportion of ownership interest and Voting Power Held By The Group	
		As at 31 March 2020	As at 31 March 2019
Healthcare Global (Africa) Private Limited (Refer note)*	Mauritius	76.73%	76.73%

Note: Investments in Healthcare Global (Africa) Private Limited is held by a subsidiary HCG (Mauritius) Private Limited which is incorporated in Mauritius

The principal activity of the Associate is to provide Healthcare services in African region.

*HCG (Mauritius) Private Limited lost control on 21 June 2017, on account of contractual arrangement with CDC Group PLC, over HealthCare Global (Africa) Private Limited consequent to which HealthCare Global (Africa) Private Limited and its subsidiaries HealthCare Global (Uganda) Private Limited, HealthCare Global (Kenya) Private Limited and HealthCare Global (Tanzania) Private Limited became Associate of HCG (Mauritius) Private Limited.

Details of the Joint Venture at the end of the reporting period are as follows:

Name of the Joint Venture	Place of Incorporation and Operation	Proportion of ownership interest and Voting Power Held By The Group	
		As at 31 March 2020	As at 31 March 2019
Strand Life Sciences Private Limited (Joint Venture)	India	38.20%	38.20%

The principal activity of the Joint Venture is to provide Healthcare services.

The management has set materiality at ten percent of the annual consolidated turnover, as per the last audited financial statements of the Company. Based on the materiality, set by the management, none of the equity accounted investees cross the materiality and hence summarised financial information of equity accounted investees are not presented.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

46 Subsidiaries, Associate & Joint venture (Contd..)

46.1 Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest for the year ended 31 March 2020

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2020		Share in profit or loss		Share in other comprehensive income		Share of total comprehensive income	
	As % of consolidated net assets	₹ Million	As % of consolidated profit or loss	₹ Million	As % of consolidated Other com Income	₹ Million	As % of consolidated total com Income	₹ Million
1) Parent								
HealthCare Global Enterprises Limited *	69.71%	6,145.06	30.29%	(532.97)	(11.87%)	(0.57)	30.40%	(533.54)
2) Subsidiaries								
a) Indian								
HCG Medi-Surge Hospitals Private Limited	3.05%	268.58	(1.12%)	19.77	(7.91%)	(0.38)	(1.11%)	19.39
HCG NCHRI Oncology LLP	0.81%	71.05	11.86%	(208.70)	(2.29%)	(0.11)	11.90%	(208.81)
Niruja Product Development and Research Private Limited (formerly known as MIMS HCG Oncology Private Limited)	(0.84%)	(73.76)	1.56%	(27.49)	0.00%	-	1.57%	(27.49)
Malnad Hospital & Institute of Oncology Private Limited	0.34%	30.15	(0.66%)	11.56	(4.55%)	(0.22)	(0.65%)	11.35
HealthCare Global Senthil Multi Specialty Hospital Private Limited	(0.34%)	(29.57)	0.01%	(0.12)	0.00%	-	0.01%	(0.12)
Healthcare Diwan Chand Imaging LLP	0.32%	28.51	(0.23%)	3.96	0.00%	-	(0.23%)	3.96
BACC Healthcare Private Limited	4.10%	361.49	1.08%	(19.09)	(19.16%)	(0.92)	1.14%	(20.01)
Apex HCG Oncology Hospitals LLP	1.77%	155.96	19.78%	(348.13)	6.04%	0.29	19.82%	(347.84)
HCG Oncology LLP	(0.48%)	(42.74)	2.63%	(46.35)	0.00%	-	2.64%	(46.35)
HCG EKO Oncology LLP	2.85%	251.51	7.71%	(135.59)	1.04%	0.05	7.72%	(135.54)
HCG Manavata Oncology LLP	6.96%	613.49	5.40%	(95.01)	(5.00%)	(0.24)	5.43%	(95.24)
HCG SUN Hospitals LLP	1.05%	92.85	4.83%	(84.94)	3.33%	0.16	4.83%	(84.78)

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46 Subsidiaries, Associate & Joint venture (Contd..)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2020		Share in profit or loss		Share in other comprehensive income		Share of total comprehensive income	
	As % of consolidated net assets	₹ Million	As % of consolidated profit or loss	₹ Million	As % of consolidated Other com Income	₹ Million	As % of consolidated total com Income	₹ Million
b) Foreign								
HCG (Mauritius) Pvt. Ltd	3.29%	289.80	0.04%	(0.65)	458.39%	22.01	(1.22%)	21.36
c) Associate								
HealthCare Global (Africa) Private Limited	2.48%	219.04	0.98%	(17.17)	(310.94%)	(14.93)	1.83%	(32.10)
d) Joint venture								
Strand Life Sciences Private Limited	0.55%	48.60	5.18%	(91.12)	0.00%	-	5.19%	(91.12)
e) Non-controlling interest	4.37%	385.14	10.66%	(187.58)	(7.08%)	(0.34)	10.71%	(187.93)
Total	**100.00%**	**8,815.16**	**100.00%**	**(1,759.63)**	**100.00%**	**4.80**	**100.00%**	**(1,754.83)**
Adjustment arising on consolidation		(4,617.47)		505.10		-		505.10
Total		**4,197.69**		**(1,254.53)**		**4.80**		**(1249.73)**

* before consolidation adjustments

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

46 Subsidiaries, Associate & Joint venture (Contd..)

46.2 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 March 19		Share of profit or loss for the year ended 31 March 19		Other Comprehensive Income		Share of total comprehensive income for the year ended 31 March19	
	"As % of consolidated net assets"	₹ Million	As % of consolidated profit or loss	₹ Million	As % of consolidated Other com Income	₹ Million	As % of consolidated total com Income	₹ Million
1) Parent								
HealthCare Global Enterprises Limited *	85.85%	6,447.19	18.62%	72.45	145.29%	(41.16)	(7.52%)	31.29
2) Subsidiaries								
a) Indian								
HCG Medi-Surge Hospitals Private Limited	2.56%	192.54	9.06%	35.25	0.49%	(0.14)	(8.42%)	35.11
HCG NCHRI Oncology LLP	(1.80%)	(134.84)	(24.76%)	(96.30)	(0.32%)	0.09	23.08%	(96.21)
Niruja Product Development and Research Private Limited (formerly known as MIMS HCG Oncology Private Limited)	(0.62%)	(46.76)	(7.05%)	(27.42)	0.00%	-	6.58%	(27.42)
Malnad Hospital & Institute of Oncology Private Limited	0.12%	8.80	1.96%	7.63	0.00%	-	(1.83%)	7.63
HealthCare Global Senthil Multi Specialty Hospital Private Limited	(0.52%)	(38.75)	(0.02%)	(0.08)	0.00%	-	0.02%	(0.08)
Healthcare Diwan Chand Imaging LLP	(0.11%)	(8.21)	0.17%	0.66	0.00%	-	(0.16%)	0.66
BACC Healthcare Private Limited	5.07%	380.83	(5.15%)	(20.05)	(1.31%)	0.37	4.72%	(19.68)
Apex HCG Oncology Hospitals LLP	(1.82%)	(136.81)	(35.24%)	(137.11)	0.00%	-	32.89%	(137.11)
HCG Oncology LLP	(1.47%)	(110.17)	(9.92%)	(38.60)	(0.99%)	0.28	9.19%	(38.32)
HCG EKO Oncology LLP	0.09%	6.81	(1.05%)	(4.08)	0.00%	-	0.98%	(4.08)
HCG Manavata Oncology LLP	2.02%	151.23	9.44%	36.73	(2.82%)	0.80	(9.00%)	37.54
HCG SUN Hospitals LLP	(0.71%)	(53.47)	(13.51%)	(52.55)	(0.04%)	0.01	12.60%	(52.54)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

46 Subsidiaries, Associate & Joint venture (Contd..)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 19		Share of profit or loss for the year ended 31 March 19		Other Comprehensive Income		Share of total comprehensive income for the year ended 31 March19	
	"As % of consolidated net assets"	₹ Million	As % of consolidated profit or loss	₹ Million	As % of consolidated Other com Income	₹ Million	As % of consolidated total com Income	₹ Million
b) Foreign								
HCG (Mauritius) Pvt. Ltd	0.16%	11.67	(0.14%)	(0.54)	(60.08%)	17.02	(3.95%)	16.48
c) Associate								
Healthcare Global (Africa) Pvt. Ltd**	3.26%	244.66	(7.59%)	(29.51)	19.77%	(5.60)	8.42%	(35.11)
d) Joint venture								
Strand Life Sciences Private Limited	1.86%	139.72	(19.21%)	(74.72)	0.00%	-	17.92%	(74.72)
e) Non-controlling interest	6.06%	455.47	(15.61%)	(60.78)	1.52%	-	14.48%	(60.34)
Total	**100%**	**7,509.91**	**100.00%**	**(389.02)**	**100.00%**	**(28.33)**	**100.00%**	**(416.90)**
Adjustment arising on consolidation		(2,287.97)		80.27		0.03		79.85
Total		**5,221.94**		**(308.75)**		**(28.30)**		**(337.05)**

*before consolidation adjustments

** The status of HealthCare Global (Africa) Private Limited has changed from Subsidiary to Associate from 2nd quarter of FY 2018

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

47 Investments, loans, guarantees and security

(a) The Group has made investment in the following companies

(₹ in million)

Investment in equity instruments	As at 31 March 2019	Invested during the year	Sold during the year	As at 31 March 2020
Investment in other companies				
Zoctr Health Private Limited	7.64	-	-	7.64
Suchirayu Healthcare Solutions Limited	0.50	-	-	0.50
International Stemcell Services Limited	5.61	-	-	5.61
Epigeneres Biotech Private Limited	10.00	-	-	10.00
Niramai Health Analytix Private Limited	35.86	-	-	35.86
Anthill Venture Capital Advisors LLP	-	5.50	-	5.50
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	245.33	-	-	245.33

During the current financial year, the Company has paid an amount of ₹ 8.71 million to HealthCare Global (Africa) Private Limited and ₹ 5.50 million to Anthill Venture Capital Advisors LLP, for which shares are yet to be allotted. This has been disclosed under "Share application money pending allotment" in "Other Financial Assets" in the Balance Sheet.

(b) The Group has given inter-coporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2019	Movement	As at 31 March 2020	Purpose of the deposits
Suchirayu Healthcare Solutions Limited	105.00	-	105.00	This loan has been given for operational requirements of the entity.

(c) The Group has provided the guarantees to the following entities

(₹ in million)

Entity	As at 31 March 2019	Movement	As at 31 March 2020	Purpose of the guarantee
NCHRI Private Limited	458.00	(25.27)	432.73	Corporate guarantee given to bank for term loan
Total	**458.00**	**(25.27)**	**432.73**	

Note: The above does not include corporate guarantee given by the Group for bank guarantee and cash credit facility. This represents only corporate guarantee given for the term loan facility of the respective entities.

(d) The Group has made investment in the following companies during the year ended 31 March 2019

(₹ in million)

Investment in equity instruments #	As at 31 March 2018	Invested during the year	Sold during the year	As at 31 March 2019
Investment in other companies				
Zoctr Health Private Limited	7.64	-	-	7.64
Suchirayu Healthcare Solutions Limited	0.50	-	-	0.50
International Stemcell Services Limited	-	5.61	-	5.61
Epigeneres Biotech Private Limited	-	10.00	-	10.00
Niramai Health Analytix Private Limited	-	35.86	-	35.86
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	240.00	5.33	-	245.33

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

47 Investments, loans, guarantees and security (Contd..)

(e) The Group has given inter-corporate deposits to its following companies during the year ended 31 March 2019

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of deposits
Suchirayu Healthcare Solutions Limited	48.00	57.00	105.00	These loans have been given for operational requirements of the respective entities
Apex Super Speciality Hospitals Private Limited	20.00	(20.00)	-	

(f) The Group has provided the guarantees to the following entities during the year ended 31 March 2019

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the guarantee
NCHRI Private Limited	458.00	-	458.00	Corporate guarantee given to bank for towards term loan
Total	**458.00**	**-**	**458.00**	

Note: The above does not include corporate guarantee given by the Group for bank guarantee and cash credit facility. This represents only corporate guarantee given for the term loan facility of the respective entities.

48 Ind AS 115- Revenue from contract

1) Contract balances

(₹ in million)

Particulars	As at 31 March 2020	As at 31 March 2019
a) **Receivables**		
i) Trade receivables: Refer note 12	1,856.58	1,568.92
ii) Unbilled revenue: Refer note 9	155.70	159.50
b) The Company does not have any contract asset as at 31 March 2020 and 31 March 2019.		
c) The contract liability amount from contracts with customers is given below :		
Advance from customers : Refer note 19	154.71	210.35
Revenue recognised in the reporting period that was included in the contract liability balance	148.01	177.73
d) Revenue dis-aggregation as per the industry vertical and geographies has been included in note 22, revenue from operations.		

49 Subsequent events

a) Pursuant to Investment Agreement ("Agreement") executed amongst the Company, Dr. B .S. Ajaikumar ("Promoter") and Aceso Company Pte. Ltd., Singapore ("Investor") on 04 June 2020 and approval of the shareholders of the Company received on 12 June 2020, preferential allotment of 29,516,260 Equity shares of the face value of ₹ 10 each, at a premium of ₹ 120 each (aggregating to ₹ 130 per equity share) and 18,560,663 Warrants, with a right to apply for and be allotted one equity share of the face value of ₹ 10 each at a premium of ₹ 120 each (aggregating to ₹ 130 per Warrant) were made to the Investor. The total consideration on issue of Equity shares and exercise of all Warrants aggregates to ₹ 6,250 lakhs

As required under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), Investor has remitted an amount ₹ 5,128 million towards allotment of 29,516,260 equity shares at ₹ 130 per share (₹ 3,837.1 million), 100% consideration for allotment and subsequent exercise of 7,057,195 warrants at ₹ 130 per warrant (₹ 917.45 million) and 25% of the consideration for remaining 11,503,468 warrants at ₹ 130 per share (₹ 373.90 million). The remaining 75% of the consideration i.e. ₹ 1,122 million shall be payable by the Investor on the exercise of the Warrant(s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the warrants.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

49 Subsequent events (Contd..)

b) Pursuant to the shareholders approval received on 12 June 2020, preferential allotment of 2,000,000, Series B Warrants, with a right to apply for and be allotted 1 Equity Share of the face value of ₹ 10 each of the Company, at a premium of ₹ 120 for each series B Warrant, were made to Promoter.

As required under the provisions of the ICDR Regulations, Promotor has remitted an amount equivalent to 25% of the Consideration i.e. ₹ 65 million on issue of series B Warrant and the remaining 75% of the consideration i.e. ₹ 195 million shall be payable by him on the exercise of the Series B Warrant(s), in one or more tranches, within a period of 18 (Eighteen) months from the date of allotment of the Series B Warrants.

c) Pursuant to the preferential allotment of Equity shares and Warrants to the Investor on 28 July 2020, mentioned above in note (49a), ICDR Regulations requires “”open offer”” by the Investor to public shareholders of the Company. JM Financial Limited, Manager to the Open Offer, has announced an open offer for the acquisition of up to 32,613,192 fully paid-up equity shares of face value of ₹ 10 each (“Equity Shares”) from the Public Shareholders of the Company, representing 26% of the Expanded Voting Share Capital, at a price of ₹ 130/- per Equity Share aggregating to total consideration of ₹ 4,239 million payable in cash, and in this regard they have also filed the Draft Letter of Offer with Securities and Exchange Board of India on 18 June 2020.

d) Subsequent to the balance sheet date, two Independent Directors have completed the initial term of 5 years as Independent Directors of the Company and due to their personal commitments, these directors have conveyed their desire not to seek reappointment as Independent Directors of the Company for the second term. Accordingly, their tenure as Independent Directors/Directors of the Company have come to an end on 28 May 2020.

Under the provisions of the Companies Act 2013 (“Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), the Company has to fill the vacancy of Independent Directors within a period of three months or immediate next board meeting, whichever is later, in order to have it constituted as per the Act and SEBI LODR Regulations. The Company will fill the vacancy of Independent Directors by 27 August 2020.

The accompanying notes are an integral part of these consolidated financial statements

As per our reports of even date attached

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

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 28 July 2020

***for* and on behalf of the Board of Directors of**
HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO
DIN: 00713779

Bhushani Kumar
Independent Director
DIN: 07195076

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place: Bengaluru
Date: 28 July 2020

Place: Bengaluru
Date: 28 July 2020

Notes

Notes

adding life to years

HealthCare Global Enterprises Ltd

CIN: L15200KA1998PLC023489

Registered office: HCG Tower, # 8,
P. Kalinga Rao Road,
Sampangi Ram Nagar,
Bangalore – 560 027