



About the Report

The Annual Report provides a holistic overview of HCG's philosophy and approach to creating true value over long-term for its stakeholders, patients, employees, investors and society at large.

This report marks a new milestone in HCG's corporate reporting. It is our first Integrated Annual Report adopting the structure as described in the Integrated Reporting framework <IR> as defined by the International Integrated Reporting Council (IIRC). With this report, we have embarked on a journey of sharing our value-creation philosophy.

This report contains an overview of HCG and key developments in 2018-19, with respect to the strategy, value creation and our performance, plans and ambitions for the future, how we delivered on our strategy and how we engage with our stakeholders.

Reporting Scope and Period

The Annual Report focuses information on business operations of HCG Enterprises Ltd's India operations only, aptly disclosed through six capitals as defined by International Integrated Reporting Council (IIRC). All the six capitals cover information on a consolidated basis. The Annual Report considers the primary reporting period as April 01, 2018 to March 31, 2019. However, some sections of the report represent facts and figures of previous years, of our multispeciality 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 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 and our hospital infrastructure and medical equipment



Human Capital

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



Social and 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 Annual 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.

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Annual Report 2018-19



The cover design highlights the magnitude of cancer, as a major health problem affecting the world, while HCG continues relentlessly delivering hope to thousands of patients. Having set a strong footprint in India, HCG's quality of care, outcomes delivered through efficiencies and innovations are being recognised globally as well. This report marks a new chapter in HCG's care with facts and figures that illustrates HCG's promise of 'adding life to years'.



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

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HCG at a Glance

As the reality of oncology incidence and prevalence, a formidable and growing threat to health and life, stand at one end of the spectrum, the innovations of science and technology in the hands of specialists stands at the other end to counter it. HCG was founded with the ethos to provide highest quality oncology outcomes through multi-disciplinary specialist teams and state-of-the-art infrastructure and technology, and a vision to bring this impact to millions, across metros and small towns in India, Africa and emerging markets, while ensuring an enterprise with robust financial stability and performance over the long-term.



- Underserved Oncology markets like Africa
- Technology and Data driven precision medicine platform like Strand Lifesciences
- Reproductive medicine opportunity through Milann Fertility business

Anchored by this challenging and impactful agenda, in one of the most complicated disease and market landscapes, HCG stands empowered by a bold and inspiring advocacy from all its stakeholders, and has emerged as the author behind thousands of stories of hope, blossoming in spite of multiple adversities. Leveraging the capabilities of the various faculties that today form our core, we can inarguably establish our emergence as a strong, successful and responsible entity to address the growing cancer burden within the society.

As a patient oriented and compassionate healthcare provider, HCG has been a pioneer in setting-up dedicated cancer hospitals since 1989 and a torchbearer of hopes for thousands of cancer patients and their families since then. Our growth is a testament of the

huge need (and opportunity) to consistently deliver good quality cancer treatment and outcomes in a market with abundance in diversity and, in effect, challenges. This is also the vision, experience and track record with which, we have made strategic investments in:



Vision

Adding life to years by redefining healthcare through global innovation



Mission

To be an acclaimed healthcare institution in pursuit of medical excellence through value-based 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

HCG at a Glance (continued)

We are one of the largest private comprehensive cancer care providers in India, with a nationwide network. Healthcare Global Enterprise Limited (HCG), is solely dedicated to addressing unmet patient needs by delivering highest quality of care and add life to years.

Since our inception, our comprehensive cancer care facilities are equipped to provide best-in-class treatment for all kinds of cancers. Our care units comprise of specialist oncologist teams, expert physicians and trained nurses that investigate, diagnose, and provide treatments for all types of cancers using evidence based protocols and global technologies. 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.

Over the years, we have created a multispeciality business in select geographies, have diversified into providing fertility treatment and also created a precision medicine platform that is aligned to our strategic business model of creating value for our stakeholders. Milann – is among the country's leading brand for providing fertility treatment in India. HCG Hospitals operate multi-speciality hospitals with tertiary care covering multiple critical care treatments. Strand Life Sciences specializes in proprietary analytical tools and clinical research and focuses on routine

to high-end tests across oncology and rare disease domains through its network of laboratories.

1989

1st private dedicated hospital offering comprehensive oncology services

₹ 9,787 million

Operating Revenues for the financial year ended 31st March 2019

One of the Largest

Private Provider of cancer care in India

HCG Cancer center Borivali, Mumbai

One of the Leading

Brands in IVF in India

One of the Leading

Precision Medicine platforms in India





HCG

Pioneer

In field of oncology focused on quality and outcomes with Pan-India presence

300+

Oncologists associated with us as on 31st March 2019

21

Comprehensive cancer care centers

3

Freestanding diagnostic centers

1

Day care chemotherapy center

27

Linear Accelerators

15

PET-CT Scanners

55

Operation theaters



Milann

Pioneer

In field of reproductive medicine in India

10,000+

Couples treated till March 2019

8

Fertility centers across India

38

IVF specialists

9

Embryologists

2,000+

IVF Cycles in FY19

4

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



Strand

Pioneer

In field of Bioinformatics, molecular testing and precision diagnostics

32+

Ph.D scientists

24,000+

Published citations

20

High quality laboratories across India

20+

Actively managed clinical trials

3

CAP accredited laboratories

~60

Sample Collection Centers

~700

Employees

>1,000,000

Specialized tests performed in 2019, with nearly 4,000 speciality genomic tests performed in 2019

HCG at a Glance (continued)

Operational Highlights

Beds

FY19	1,872
FY18	1,569
FY17	1,364

Average Occupancy rate

FY19	43.7%
FY18	44.5%
FY17	46.9%

ALOS days

FY19	2.25
FY18	2.39
FY17	2.86

New Patient Registration across our cancer centers

FY19	72,110
FY18	55,332
FY17	41,599

₹ **9,143** million
 Revenue from HCG Centers in
 FY19 (against ₹ 7368 Mn in FY18)

24
 Total Centres in FY19
 (against 22 in FY18)

₹ **31,423**
 ARPOB in FY19
 (against ₹ 30, 832 in FY18)





Growth Journey



1989

1st cancer center in the HCG network was set up



2006

Operated 3 cancer centers; began expansion of the HCG network



2011

Awarded Oncology Leader of the Year by Frost & Sullivan



Today

Largest scaled specialized healthcare player with oncology, fertility and precision medicine leadership



2018

1. Entered Africa in partnership with CDC
2. Created Precision diagnostic platform through combination of Triesta with Strand



2013

Entered into fertility business through the acquisition of 50.1% in BACC Healthcare Pvt. Ltd.



Hope

For cancer patients



Joy

For infertile couples



Knowledge

through diagnostics,
technology and research

Business Review

HCG has grown to be a focused healthcare provider and has developed leading brands that offer spectrum of services across their specialities and have received recognition in India and globally for our quality and outcomes that covers multiple regions across India.



HCG The Specialist in Cancer Care

This business segment is one of the largest private cancer care providers in India providing diagnosis and treatment services through nuclear medicine, radiation therapy, medical oncology and surgical oncology among others. We provide the expertise and state-of-the-art technologies required for accurate diagnosis and treatment, through dedicated and comprehensive centers. Our team of specialists consists of industry leading radiation, medical and surgical oncologists, nuclear medicine doctors, radiologists, pathologists and other experts in the field.



Milann The Reproductive medicine Specialist

Through this business, we provide comprehensive reproductive medicine services such as assisted reproduction, gynecological endoscopy and fertility preservation. We have been ranked no. 1 fertility care provider in India and recognised as a premier training and academics institution offering programmes for fertility specialists and embryologists.



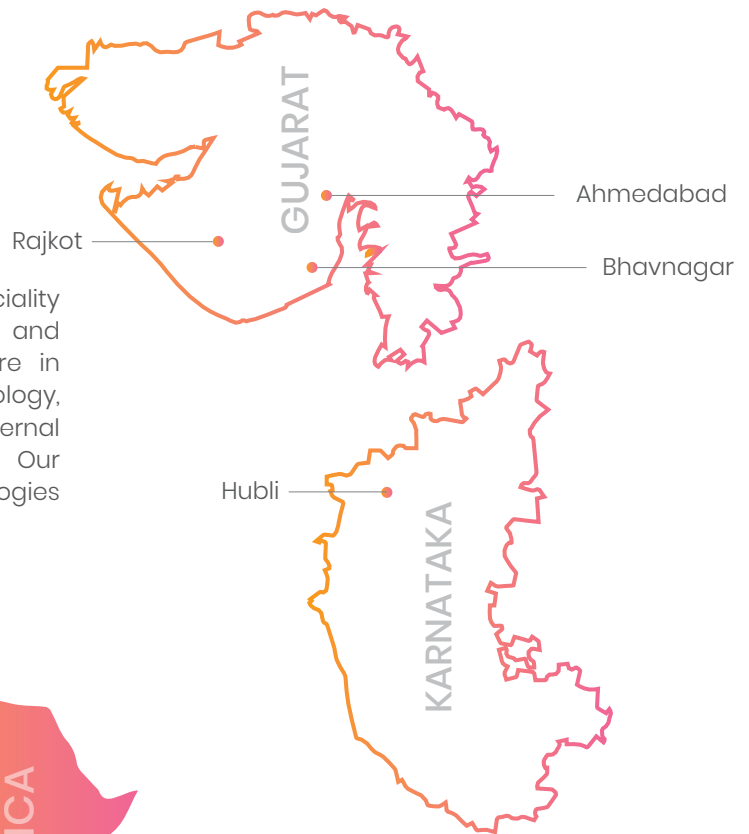
Strand The Precision medicine Specialist

Strand is a Global Life Sciences Research and Clinical Diagnostics company providing precision medicine solutions. We are the leading provider of bio-informatics, research services and specialised clinical diagnostics offering comprehensive menu of tests with network of labs across India. Our team of specialist consists of Pathologists, Geneticists, Computer Scientists, Life Scientists and PhDs from the best institutions worldwide.



HCG Multispeciality hospitals

Under this segment, we operate 4 multi-speciality hospitals in Ahmedabad, Bhavnagar, Rajkot and Hubli. We provide comprehensive patient care in key specialties including cardiology, neurology, orthopedics, gastroenterology, urology, internal medicine and pulmonary and critical care. Our hospitals are equipped with cutting-edge technologies to provide best-in-class medical care.



HCG Africa

As an extension to our India business, we have opened a cancer care treatment centre in Africa.

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 Cancer Care Kenya (CCK) in Nairobi and have made high quality cancer care accessible to patients across Africa.



Chairman's Message



Dr. B. S. Ajaikumar
Chairman & CEO



In the past 18 months, we have launched 7 comprehensive cancer facilities across the country, providing access and quality of care to thousands of patients, while securing a base for strong continued growth

Dear Shareholders,

I am pleased to present to you HCG's annual report for fiscal 2018-19, for the first time based on integrated reporting framework as defined by the principles of IIRC. With this report we embark on a journey of reporting that we believe is a transparent communication framework, encompassing qualitative and quantitative information.

Financial Overview

We recorded net revenues of ₹ 9,787 million in FY19, registering a growth of 17.87% as compared to ₹ 8,307 million in FY18. Our operating EBITDA grew by 5.4% to ₹ 1,252 million in FY19 as compared to ₹ 1,188 million in FY18. Our operating EBITDA margin stood at 12.8% in the year under review, falling by 170 bps as compared to previous year due to expansions and new centers launches leading to dilution of our margins.

In our ongoing pursuit to build a scaled business and presence,

we witnessed a strong double-digit growth in revenue and an increasing share across Maharashtra, Gujarat and entered Rajasthan. Our HCG centres contributed ₹ 9,143 million in total revenues, a growth of 19.7% over previous year and continue their strong momentum, while Milann centres contributed ₹ 644 million, a negative growth of 3.8% over previous year owing to some challenges faced in the business, where we are showing signs of recovery already.

Cancer – a life threatening disease

It calls for serious commitment today to address the rise in cancer disease across the globe. While there are 9.6 million people who die from cancer every year, the alarming fact is more than 70% of the deaths occur in middle and low income countries. Although there is a growing awareness and precautions for preventing the disease, the availability of good quality care and affordability still remains a challenge in emerging countries, especially India. Every year India reports more than a million new cancer cases, while several resulting in mortality due to biological, technological and other factors.

Operational Performance

Our journey over the past three years since listing has seen sustained growth in terms of operational performance. The new patients registrations at our cancer care centres, more than double since 2015-16. This shows the growing trust by patients in our brand promise of focus on oncology, technology and expertise to deliver outcomes. We continue to grow our capacity taking our beds count to 1,872 beds. We are now focused on consolidation with substantial footprint and improving business performance.

We strengthened our presence in Gujarat region with launch of oncology in Bhavnagar and new multispecialty center in Rajkot, with a strong year-on-year growth and improved financial performance. Our newly opened centre in Rajkot has been acknowledged by the patients for quality care with use of ultra –modern technologies. We extended our presence in eastern India, with commencement of

out-patient services in Kolkata. We also scaled up our offerings with introduction of new cancer care diagnosis across Jaipur.

In the past 18 months, we have nearly opened 7 new cancer care hospitals across the country reaching out to more people in metros and Tier-I & Tier-II cities. We had intended to expand our presence to address the impact of increasing cancer diseases and establish a comprehensive network as a leader. With more than ₹ 7,083 million of capex invested in last three years, we are determined to generate returns from these over the coming years while delivering outcomes matching global benchmarks.

Our People

One of the most critical elements of our business model is our people. Across our operations, our team of 5879 includes 305 doctors including oncologists, radiologists, pathologists and specialists and 1798 nurses contribute to our capabilities and to our business sustenance. We continue to invest heavily in training of doctors, nurses and other staff. During the year, we rolled out specific initiatives aimed at improving the culture, engagements, leadership and overall development of our people. We strive to create a team of professionals that is focused on delivering our brand promise of “adding life to years”.

Investing for sustainable growth

We have witnessed major changes in the healthcare industry over the years. Currently, with rising cancer incidence, we are focused on emerging as a comprehensive, consistent and trusted oncology brand in India. Our investments in modern technologies and

equipment are fundamental drivers and differentiators of our business model.

We believe that our strategy of widening our footprint in parts of India, aligns to our business goals of enabling access, quality and 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.

Looking ahead

The progress we have made so far highlights the soundness of the investments and the potential for scale with long-term sustainability. Going forward, we will continue to focus on return on investments made over last few years and consolidation of our market presence. This in turn would help us build a healthcare company that delivers long-term value for all our stakeholders.

The success of the past years can be ascribed to a true team effort by all our healthcare professionals and employees under the guidance of the management and a committed and capable board. I extend my gratitude to clinicians who have guided the management team to lead the employees and take the company ahead. On behalf of the Board, I would like to thank you, our shareholders, for your continued support. We look forward to many more years of providing quality care to our patients and keep adding life to years!

Regards,

Dr. B. S. Ajai Kumar

Financial Overview

- Consolidated Basis

Revenue from Operations (₹ in lakhs)

FY19	97,867
FY18	83,069
FY17	70,010
FY16	58,417
FY15	51,937

Operating EBITDA (₹ in lakhs)

FY19	12,519
FY18	11,882
FY17	10,499
FY16	8,476
FY15	7,624

PAT (₹ in lakhs)

(2,480)	FY19	
	FY18	2,052
	FY17	2,216
(144)	FY16	
	FY15	54

Operating EBITDA Margin (in %)

12.8%	FY19
14.3%	FY18
15.0%	FY17
14.5%	FY16
14.7%	FY15

PAT Margin (in %)

(2.5%)	FY19	
	FY18	2.5%
	FY17	3.2%
(0.2%)	FY16	
	FY15	0.1%

Earnings per share (in ₹)

(2.82)	FY19	
	FY18	2.34
	FY17	2.69
(0.17)	FY16	
	FY15	0.07

Cash from operations (₹ in lakhs)

FY19	10,135
FY18	9,359
FY17	7,386
FY16	6,370
FY15	5,965

Debt Equity ratio (in times)

FY19	1.1
FY18	0.8
FY17	0.7
FY16	0.7
FY15	1.2

Industry Trends

The oncology sector continues to be dynamic, especially in India due to rising incidence of cancer driven by increased awareness, diagnosis, genetic and lifestyle factors. Few of the trends that will continue to influence the sector going forward are:



1

Changing demographics

Trend:

The needs of the patients are evolving with changing demographics including ageing population, which tend to live longer despite of complex issues, and rising consumption of tobacco, alcohol and processed food. These all factors have led to change in service and care approach in the industry

Relevance to us:

Rising incidence of cancer, demand for quality care, accurate treatment of complex issues is expected to increase with these factors. Our team of specialist are always at the forefront to battle against cancer for several people.

2

Cost of care

Trend:

Patients, across the globe, are demanding quality care at a cost effective price. However, the cost of delivering high quality care continues to increase and so does the technology improvements, outcomes and efficiencies for healthcare providers who have achieved scale and are thus able to provide quality care at a competitive price.

Relevance to us:

In order to remain competitive in tough markets, we leverage our economies to scale which includes optimal utilization of equipment, centralized drugs and consumables formulary and favorable economic terms of purchase and financing medical equipment. This enables us to provide affordable care without compromising on the quality.

3

Evolving technological landscape

Trend:

New treatment, new technologies and Artificial Intelligence (AI) is changing how we diagnose and deliver care. Patients are increasingly expecting on-demand services from healthcare providers and adopting usage of technology for consultations, medical records, diagnosis and treatments.

Relevance to us:

With the dynamic changes in technologies, we continue to leverage our technological competencies to increase efficiencies and transform cancer care delivery, patient monitoring through e-ICUs, tele-radiology, tele-pathology and auxiliary services, with a focus on enhancing clinical quality to serve our patients better.



4

Growing Consumerism



Incidence of Cancer, especially in India, has been increasing due to poor immune conditions, genetic pre-disposition and hormonal conditions, changes in lifestyle and food habits. At the same time, increasing number of patients expect high-quality care which is easily accessible. Patients do their own research, take multiple opinions and even contact multiple doctors and patients before taking treatment decisions

Relevance to us:

With the growth in number of new patients registered, our brand is gaining recognition for being at forefront in oncology by providing patient-centric care with a focus on delivering value medicine. For strengthening our brand attributes, we undertake series of initiatives to measure patient satisfaction and drive the ecosystem to treat each patient as an own family member with their cure as our highest priority.

5

Timely and Accurate Treatment



With rise in digital technology to constantly track and monitor health, with awareness about cancer, patients now seek timely and quality treatment including being connected with insurance companies, doctors and hospitals on real-time basis.

Relevance to us:

To boost early detection, 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.

Cancer Statistics and Facts in India¹

~17.13 lakhs

New cancer patients estimated to register in 2020

48.75%

Increase in cancer cases between 1990 and 2016

14

Types of cancers can be caused due to consumption of Tobacco

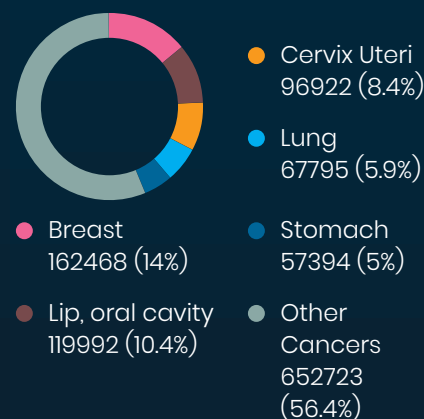
Breast cancer

The most common cancer in India

Early Detection

Can significantly reduce the death rate from these cancers

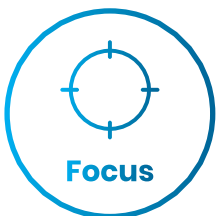
Number of new cases in 2018, both sexes, all ages



¹World Health Organization's (WHO) International Agency for Research on Cancer and Research report by Lancet

Our Strategy for Responsible Growth

HCG is committed to deliver clinical excellence with principles of responsibility and sustainability at the core, while driving value creation for stakeholders over the long-term. With our scale, people and passion, we have a track record of transforming lives of patients and their families through our unique value-medicine driven business model, which focuses on rationalizing cost of delivering care, while ensuring no compromise on quality and outcomes, thus creating deep social impact across the masses. Our strategies are well-designed to respond to changes in the macro-environment, mitigate the risks and capitalize the opportunities while meeting stakeholder’s expectations.



Focus

Building on our domain expertise and strengths in oncology and address the gaps in the marketplace, including lack of:

- Trained Oncologists
- Cancer Infrastructure
- Comprehensive Services
- Proper Diagnosis
- Adoption of New Technologies
- Specialists working as a Team
- Oncology focused Nursing, Critical Care
- Operational and administrative services

Strategic objective



Quality

Deliver best-in class quality care to patients through clinical excellence and value medicine model



Sustainability

Effectively engage with our stakeholders to ensure achievement of short and long-term organizational goals and sustainability.

Progress in FY19

- Patient treatment through innovative and first-of-its-kind technology platforms
- AUM – VOICE BOX an innovative device to aid the problem of throat cancer patients continues to improve lives
- Trigeminal Neuralgia Award received for treatment establishes Guinness world record
- **16.7%** 5-year CAGR growth in revenue
- Continued expansion through real-estate light business model
- **26.8%** 5-year CAGR growth in operating EBITDA



Transition into the largest provider of cancer in India, leading fertility care provider and expanding presence in international market. We focus on increasing presence, penetration and market share and strengthen our other businesses including Milann and Strand

Strategic objective



Growth

Continue to expand and grow our India operations, penetrate existing regions and enter new regions, coupled with growing existing / mature centers

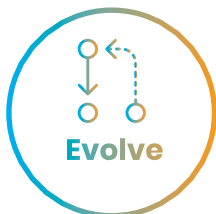


Execution

Robust identification and planning for new center opportunities based on evaluation criteria, launching centers within expected timelines and ensuring performance as per plan

Progress in FY19

- **1** existing centers completed expansions
 - **1** New region entered (Jaipur)
-
- **3** new centres launched in FY19
 - **303** bed capacity increased during the year



Leverage our unique business model to develop long-term strategies and institutional ecosystem to strengthen existing operations and be prepared for dynamic evolutions and innovations with respect to oncology and healthcare

Strategic objective



Efficiency

Deliver care through efficient, optimal utilisation of processes, centralisation, information and technology, research, innovation and other resources.



Futuristic

Investment in technology, capabilities and relevant strategic areas

Progress in FY19

- Ongoing centralisation of key functions:
 - Pharmacy
 - IT
 - HR
 - Quality
-
- Upgraded IT infrastructure to private-cloud computing system
 - Installing centralised EMR system seamlessly integrated with RIS/ PACS, bio-repository, HIS and ERP

Our Value Creation Model

Resources



Financial Capital

Comprehensive cancer centers require capital investments towards installing latest technology and equipment. HCG has followed asset-light investment model by leasing real-estate for the hospitals. We procure high value medical equipment through vendor finance arrangement which allows us to match capex and cash flows with maturity of new hospitals



Manufacturing Capital

One of the largest private providers of cancer care in India with a substantial footprint and presence in metros having large addressable population and Tier-II & Tier-III towns with huge underserved need for oncology. We own, develop and operate comprehensive cancer centers offering state-of-the-art technology for diagnosis and treatment.



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 having high competency and skillsets, entrepreneurial mindset as well as enthusiasm and passion towards objectives of the organization and creating meaningful social impact.



Intellectual Capital

Strong clinical and operating processes, systems, protocols focused on oncology for delivering high quality care, efficiently, developed over decades of experience, as an institution with brand recognition and reputation. Support for research activities, participation in clinical trials, engagement with global leaders and ability to utilize latest technologies contributes towards company being able to drive, adopt innovations in the complex and dynamic oncology field.



Social and Relationship Capital

Healthy relationship with key stakeholders, regularly interacting with employees, partners, patients, suppliers, shareholders, governments etc., towards long-term sustainability.

Positively impacting lives of patients and families by taking high-quality care closer to under-penetrated regions. We are committed to ensuring a high standard of ethics, social responsibility, accountability, cooperation and transparency with all the stakeholders.



Natural Capital

Committed responsibility towards environment with increasing efficient energy use across all centres and constantly strive to reduce consumption of water and carbon emission with the growth in our network.

Inputs

₹ 5,916 million

Equity share capital

₹ 3,761 million

Long-term borrowings

₹ 1,481 million

Equipment / Capex funded
in form of vendor finance

₹ 2,115 million

CAPEX for FY19

21

Comprehensive cancer
care centres

1,872

Cumulative Bed Capacity
(*includes multispecialty beds)

8

States of presence

27

No. of LINACs
(for radiation treatment)

15

No of PET CTs
(for staging and planning)

8

hospitals with Ethics committees

5,879

Total number of employees

205

Resident Doctors

1,798

Nurses

20

Courses offered

1,96,402

Hours of training and
development

3+

Decades of focus on oncology
domain in India

Significant

Focus and investments in
academics and R&D

Multi-disciplinary

Tumor boards across hospitals, at
core of clinical excellence

9,871

Shareholders as on
31st March 2019

6

Joint Ventures /
business partners hips

state-of-the-art

Technology under one roof

Renewable

Energy consumption enhanced
as compared to conventional
energy resources

Waste

Recycling and reuse methods
aggressively scaled up to reduce
impact on environment



Please Turn to see

Our Value Creation Model (continued)

How we generate Value

Key Differentiators

We leverage our key differentiators to create value

Strategic

- Continuously reviewing our strategies
- Prudent capital allocation and management
- Disciplined management structure
- Talent development and retention
- Less-capex intensive business model

Financial

- Focus on cash generation and healthy RoCE
- Ability to identify, execute and integrate greenfield / brownfield expansions

Operational

- Strong, empowered management team
- State-of-the-art technology
- Best practices in governance and compliance
- Robust risk management framework
- Quality healthcare services
- Improve operational efficiencies

Our offering

HCG's main focus is providing cancer care. Our comprehensive cancer centres provide all the expertise backed by technology required for diagnosis and treatment of cancer. We believe in adding life to years to patients across the globe.

Delivering Value

HCG strives to deliver enhanced value to :

Patients

Through superior clinical performance and safe clinical environment and through providing best-in-class patient experience in an integrated manner.

Shareholders

Through growth in shareholder returns with retention of funds for expansion and future sustainability.

Outcomes

Shareholder Value

With focus on disciplined cost management and improving efficiency, we are able to deliver strong track record of growth in revenue and EBITDA.

Quality Healthcare Services

We have seen an increase in inpatient admission, benefitting from superior clinical performance along with accurate diagnosis and treatment. Our team of skilled staff and supporting doctors enables us to abide by our motto of providing quality life and services to our patients.

Clarity and Shared Vision with Teamwork

Motivated Promoters, Senior Management, Board members and employees working as a team, have helped create a future-ready entity.

Highly Skilled Workforce

Continued investments in training and development of staff has created highly-trained teams and a strong talent pipeline. Integrated talent-driven strategies are deployed to ensure attraction and retention of specialized skills.

Brand Value

Our integrated quality service and experience team has enabled us to position "HCG" as a strong and focused oncology brand as perceived by our patients and stakeholders.

Returning Value to Stakeholders

Profit is a by-product for HCGEL. Our main focus is financial and social sustainability with upliftment of the society 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 an objective of minimizing our impact on the environment.

Outputs

₹ 9,787 million

Revenue from operations
[Growth of **17.8%** YoY]

₹ 1,252 million

EBITDA [Growth of **5.4%** YoY]

₹ 1,644 million

Pre-corporate EBITDA of
existing oncology [Growth of
15.4% YoY]

USD 5.7 mn

Revenue generated through
international patients

1.1 times

Net Debt to Equity ratio

3

New centres added in FY19

19.31%

Increase in beds over last year

43.7%

Average occupancy rate

2.25 days

Average Length of Stay
(ALOS) [Improvement by
14 bps YoY]

₹ 31,423/ day

Average Revenue per
Occupied Bed (ARPOB)
[Growth by **1.9%** YoY]

Zero

Incidents including fatal
accidents reported during
the year under review

196,402 hours

Training provided

105

Students registered for
various courses

40

Publications were
published in FY19

13

Clinical trials conducted
by Milann

25+

Research publications
by Milann in journals of
international repute

28

Clinical trials conducted
across network

87.4%

Average Outpatient
Satisfaction ratio* in 2018

86.5%

Average Inpatient
Satisfaction ratio* in 2018

3,500+

Patients helped through HCG
foundation since inception

50

Tobacco farmers were assisted
in growing alternative crops

Reduction

In use of paper by using
electronic mediums

Solar rooftop

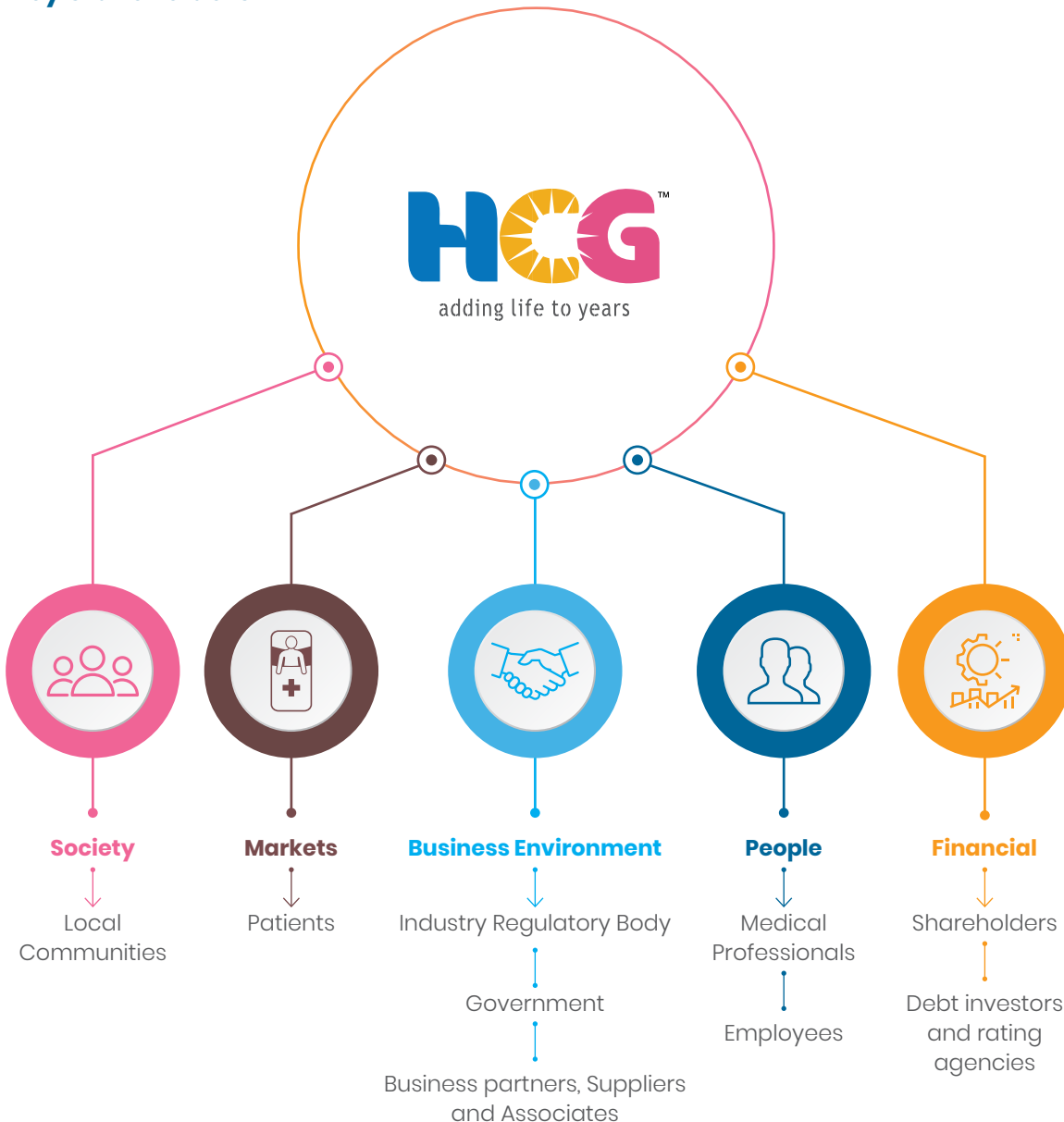
Installed in Nashik

*Patient satisfaction surveys conducted at
Bengaluru center of excellence

Stakeholder Engagement

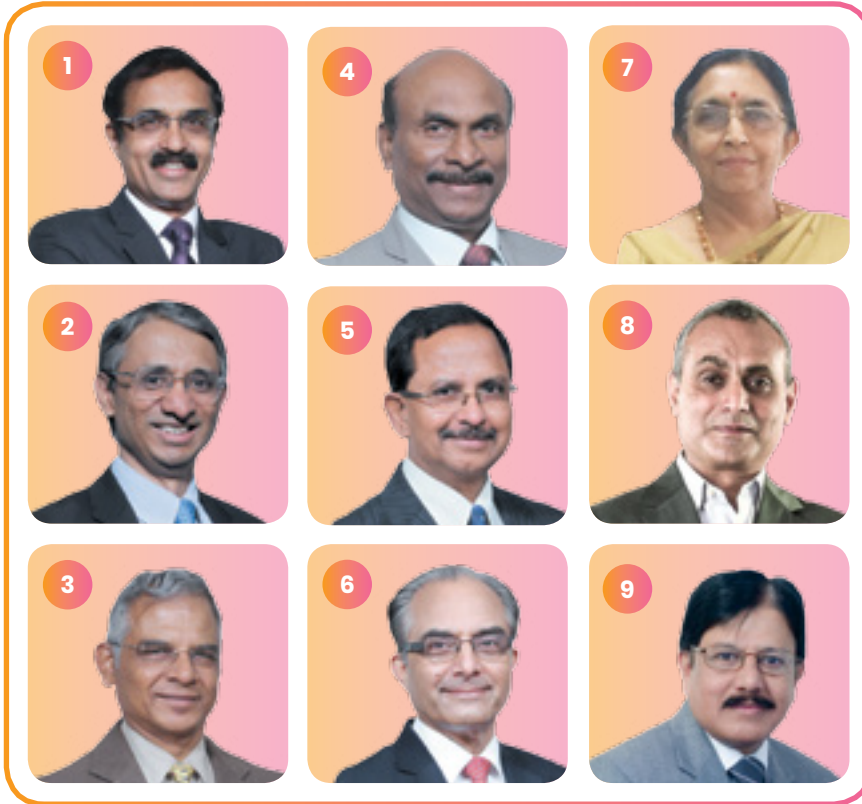
We constantly strive to improve our relationship with all stakeholders, as we believe it is a way of ensuring sustainable business growth. To create value, it is vital to understand their expectations and needs. It is our constant endeavour to interact with them on a regular basis.

Key Stakeholders



Stakeholders	Expectations	Our Philosophy
Local Communities	<ul style="list-style-type: none"> Uplifting the society at a large Environment friendly practices 	<ul style="list-style-type: none"> Ensuring we invest responsibly in community health Continually striving to be a responsible corporate citizen
Patients	<ul style="list-style-type: none"> Quality and reputation of doctors, specialists and nurses Cost of care Clinical High-end technology 	<ul style="list-style-type: none"> Leveraging our expertise in oncology to provide quality, patient-centred care and related medical services to a wide spectrum of patients Operating with a level of process quality, maintaining hygiene and outcome efficiency Analysis gap between patient care and expectation and taking corrective actions.
Industry Regulatory Body	<ul style="list-style-type: none"> Compliance with industry norms Participating in various industry forums and meets 	<ul style="list-style-type: none"> Supporting industry wide initiatives and proactively participating in industry meets Healthy exchange of ideas and initiatives for mutual benefit of the industry Responsible utilization of resources and fair trade practices
Government	<ul style="list-style-type: none"> Compliance with the laws and regulations of the land Contributing towards upliftment of the economy Generating employment 	<ul style="list-style-type: none"> Ensuring timely filing of returns and payment of taxes Creating employment opportunities for local communities Functioning in an ethical and transparent way Timely receipt of payments, tax refunds and credits Monitoring regulatory changes
Business partners, Suppliers and Associates	<ul style="list-style-type: none"> Fair trade practices Timely payment 	<ul style="list-style-type: none"> Fair and reasonable utilization of resources Creating and maintaining long-standing relationships Interacting regularly during the course of business
Medical professionals	<ul style="list-style-type: none"> Clinical efficiency Quality of facilities Technologies adoption 	<ul style="list-style-type: none"> Working closely with local doctors and specialists and building strong relationship Ethical practices ensuring long-term partnerships with medical professionals and technology providers
Employees	<ul style="list-style-type: none"> Occupational Health and Safety Remuneration Performance evaluation 	<ul style="list-style-type: none"> Continuous focus on employee wellness and development Providing career development opportunities Focusing on fair and transparent remuneration
Shareholders, Investors and rating agencies	<ul style="list-style-type: none"> Growth in valuation Timely dissemination of material information and communication Dividends 	<ul style="list-style-type: none"> Focusing on delivering operational and financial growth Invest in maintaining healthy relationships Constantly delivering return on investment Timely servicing and repayment of debts

Profile of Board of Directors



1
Dr. B. S. Ajaikumar is the Chairman and Chief Executive Officer of our Company. He has been a Director of our Company since March 7, 2000. He was re-appointed as the Chief Executive Officer with effect from July 1, 2015. He holds a Bachelor's Degree in Medicine and Surgery from St. John's Medical College, 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.

2
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.

3
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.

4
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.

5
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.

6

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 BSE

Limited. He has been awarded the Kannada Rajyotsava Award by the Government of Karnataka.

7

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.

8

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 million Healthcare and Education focused domestic Private Equity Fund. He has co-led the deployment of RHC Principal, a USD 700 million principal pool of capital across various healthcare sub sectors in Asia. He is a renowned Critical Care Medicine Physician and continues to practice as a critical care physician on a

part-time basis. Previously, he 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.

9

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



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.



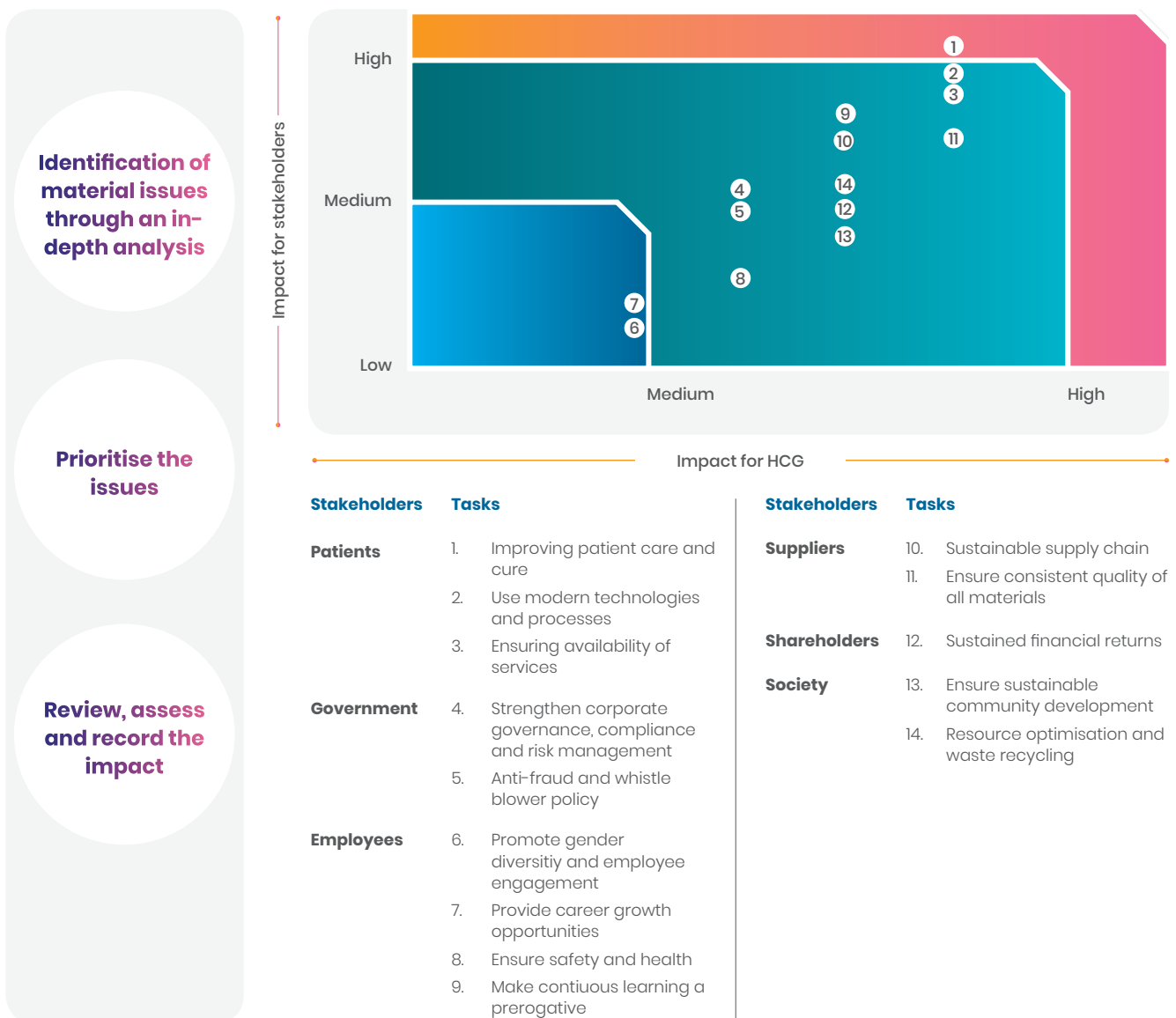
First hospital in India to introduce TomoTherapy H[®].



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

Materiality Assessment

At HCG, materiality assessment involves identification of important issues for sustainability management. The factors identified are based on sustainability context, materiality, completeness and stakeholder inclusiveness. The process involves selecting material issues and prioritizing issues that address stakeholders with a high impact in our organisational’s goals and objectives. A thorough review and record of the impact is planned to be carried out on an ongoing basis, to ensure business sustainability and value-creation for long-term.



Integrated Strategy for Value Creation

**Financial
Capital**



**Manufactured
Capital**



**Intellectual
Capital**



**Human
Capital**



**Social &
Relationship
Capital**



**Natural
Capital**



Financial Capital



We leverage our equity and retained earnings to expand and develop our business through organic growth. Our earnings and profits enable us to deliver on our strategic objectives while creating value for our stakeholders.

Key financial Inputs

Equity Share Capital
(₹ in lakhs)

59,164

FY19

57,902

FY18



Net Debt
(₹ in lakhs)

61,004

FY19

41,659

FY18



CAPEX
(₹ in lakhs)

21,153

FY19

28,732

FY18



Outcomes achieved

Revenue from Operations

(₹ in lakhs)

97,867

FY19

17.81%

YoY
growth

83,069

FY18



PAT

(₹ in lakhs)

(2,480)

FY19

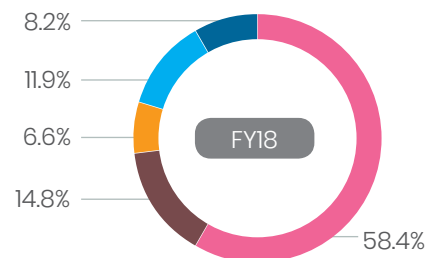
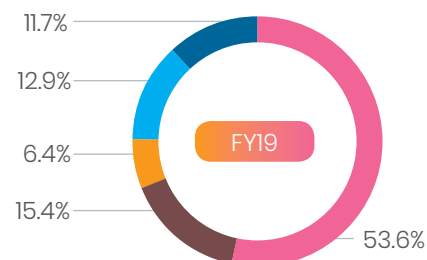
2,052

FY18



Payor Mix

(in %)



- Cash
- Govt. (BPL Schemes)
- CGHS/ECHS
- TPA/Insurance
- Corporate/Hospitals

Operating EBITDA

(₹ in lakhs)

12,519

FY19

5.37%

YoY
growth

11,882

FY18



EBITDA Margin

(in %)

12.8

FY19

(151)bps

YoY
growth

14.3

FY18



Revenue Mix

(₹ in lakhs)

21,380

FY19

46.62%

YoY
growth

14,582

FY18



Existing Centers

76,486

FY19

11.68%

YoY
growth

68,487

FY18



Note: All the figures are on Standalone basis

Financial Capital (continued)

EBITDA from Existing Centers
(₹ in lakhs)

13,924

FY19

9%
YoY
growth

12,781

FY18



EBITDA margin from Existing Centers
(in %)

18.2

FY19

18.7

FY18



4.5%
Share of Revenue
from International
Business in FY19
representing growth
of 70 bps over
previous year

Note: All the figures are on standalone basis

How we achieved our outcomes



The year ended 31st March 2019 has been a year of strong growth in top line with each division recording sustained growth in revenue. The growth in revenue was supported by increase in occupancy rate, increment in realization per procedure, ramp-up of new centre and continued growth of existing ones. With focus on improving patient experience and providing quality care, we invested significantly in state-of-the-art technologies and opened new centers in new region to ensure quality cancer care is easily accessible to patients across India.

Strategies for a sustainable future

Given progress made in building capacities, streamlining our operations and creating patient-centric business model, we are now poised for growth. We have a clear strategy built on revenue growth through geographical expansion in domestic and international market and strengthening our strategic partnerships with stakeholders. We also aim to improve profitability through lean management structures, economies of scale, adopting new technologies and innovating new treatment methods to improve our operational efficiencies. As part of completion of our expansion plan, we will be investing to develop two more centers as we enter **consolidation phase**.



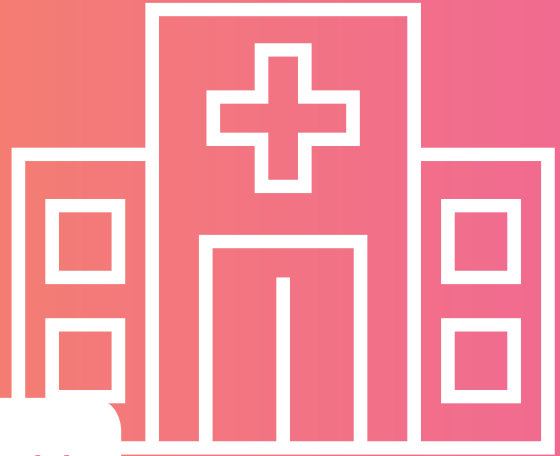
Targets for a sustainable tomorrow



Our long-term financial objective is to build growing, sustainable and cash generative business which consistently provides return on capital employed. We strive to achieve the following financial objectives:

- Healthy growth in revenue from operations along with increase in share from international operations
- Maintain robust EBITDA and PAT margin
- Strong cash flow generation maintaining operating cash flow and supporting capital expenditure requirements
- Deliver enhanced results to shareholders with growth in EPS
- Efficiently manage our debt sources, costs and servicing
- Generate healthy capital returns in form of ROCE and ROE

Manufactured Capital



Our strategy is to drive sustainable growth by creating the highest possible patient care in our areas of services. We have strong focus on delivering clinical and operational excellence by further exploiting our inherent strengths and paving our way in advancing our leadership position mainly through organic growth.

Our Comprehensive facilities and offerings, focused on oncology



Diagnosis



Medical Oncology



Radiation Oncology



Surgical Oncology



Bone Marrow Transplant



Patient Care



Robotic Surgery



Liver Transplant

Our presence

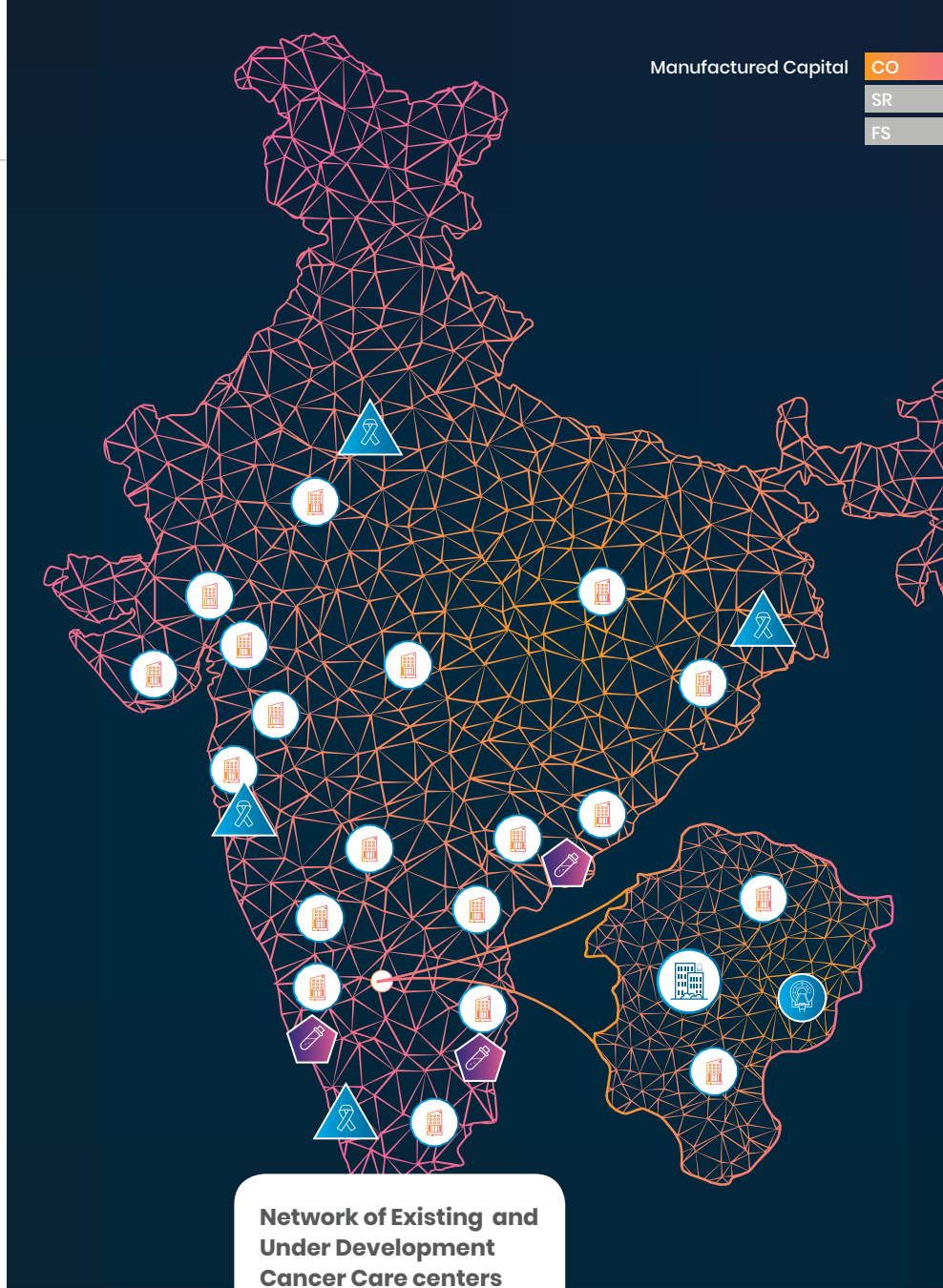
Domestic

HCG's cancer care hospitals are spread across the country providing quality cancer care to patients. We continue to invest in and serve different markets by expanding our geographical footprints across India, especially in tier I & II cities, as we aim to make quality cancer care facility available to millions of people.

Location	Centres	Operational beds*
Karnataka	7	632 beds
Gujarat	5	447 beds
Maharashtra	3	336 beds
Andhra Pradesh	3	177 beds
Odisha	1	116 beds
Tamil Nadu	2	70 beds
Jharkhand	1	49 beds
Rajasthan	1	45 beds

* includes multi-speciality beds

7 New facilities launched in the past 18 months



Network of Existing and Under Development Cancer Care centers



Center of Excellence (CoE)¹

Kalinga Rao Road and Double Road, Bengaluru



Comprehensive Cancer centre²

Jaipur, Ahmedabad, Baroda, Bhavnagar, Nasik, Mumbai, Gulbarga, Hubli, Shimoga, Tiruchi, Chennai, Ongole, Vijaywada, Vishakhapatnam, Nagpur, Cuttak, Ranchi, Bengaluru.



Freestanding Diagnostic centre²

Mangalore, Chennai, Ongole.



Day Care Chemotherapy centre

Bengaluru.



Cancer centre Under Development

NCR, Kolkata, South Mumbai, Kochi

¹Includes 2 centres, KR & DR; ²As on 31st March 2019, includes centre in Kenya, Bhavnagar multispeciality also includes comprehensive cancer services hence included in CCC count

Manufactured Capital (continued)

International

We have ramped up our operations into international markets. In Africa, we have partnered with Commonwealth Development Corporation (CDC) to form HCG Africa and ensure accessible cancer care centres in sub-Saharan Africa region. This is a strategic extension to the medical value travel business we receive from Africa to our centers in India, primarily in Bangalore, Mumbai and Ahmedabad. This also provides us access and presence to a large underserved market with huge potential for future growth.

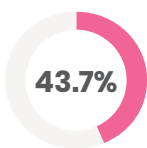
4.5%

Share of total company revenues generated through medical value travel of international patients to HCG centers

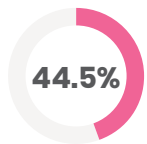


Key Performance Indicators

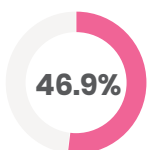
Average Occupancy Rate



FY19

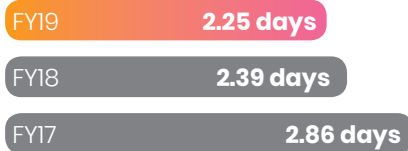


FY18



FY17

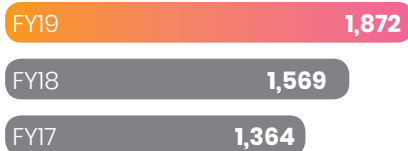
Average length of stay



Number of Centres



Total Operating Bed



Pioneers of advanced technology

Driven to excel in quality care, we use next generation technology to provide comprehensive cancer care to people across the globe. In recent years, key advancement in understanding oncology is leading to fundamental changes in how we research on diseases and the diagnosis thereon. This has led to increase in development of innovative methods of treating complex diseases and providing quality care.

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. Over the past few years,



we have adopted advanced technologies including:

- **To detect appropriate course of treatment and stage of cancer, we adopt molecular pathology and molecular imaging**
 - **PET CTs as gold standard for treatment planning**
- **To minimise side effects and improve the outcome of treatments, we utilise targeted nuclear medicine therapies as well as advanced radiation treatments**
- **To ensure accurate tumor targeting and improved healthy tissue preservation, we utilise advanced Linear accelerator based technologies**
 - **Cyberknife for radiosurgery procedures**
 - **TrueBeam STX**
 - **1st Elekta Versa HD Radiation Machine equipped with Agility™ for high-speed, high precision beam**
- **To operate sensitive organs and sites through minimally invasive techniques, we offer DaVinci robots for oncology surgeries**

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.

Intellectual Capital



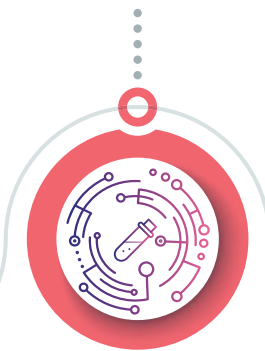
Our Intellectual Capital comprises of quality care and standards, clinical excellence, knowledge and capabilities of the institution we have built over the past decades attributable to the growing trust and recognition of our HCG brand.

Competitive strengths

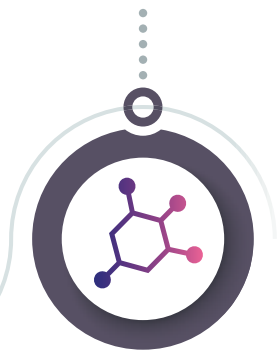
Leadership and scale in oncology under 'HCG' brand



Accurate diagnostics and treatment by leveraging state-of-the-art technology



Hybrid-presence model to reach out to maximum number of Patients



Comprehensive cancer facilities under one roof



Strong clinical teams and long-term partnerships



Unique Business Model

To deliver world-class, affordable and accessible care to thousands of people in India, and given the long-term duration of care and treatment requirement for a cancer patient, HCG designed a unique focused model (refer figure 1) to bring latest technology and quality of care to tier 2/3 towns, supported by centralized hubs in form of advanced treatments, clinical talent, systems and protocols and operational and clinical efficiencies, while generating financial returns on investments. Under this model, we have established centers in urban cities, several of which, are centers of excellence for research, development and advanced clinical care, equipped with latest

and superior technologies for treatment, but also penetrated several regions with substantial presence and network of centers located in sub-urban and smaller cities and towns. Thus we have successfully created highest quality of care matching global standards, but also created 'last-mile' access to this care for patients. The scale up of the model has grown over the years with implementation of modern technologies like telemedicine and teleradiology, enabling remote delivery and quality assurance across the network, digital pathology, where specialists can evaluate samples remotely, generate reports and discuss the findings with clinicians and patients

in different geographies, to name a few. Through this model, HCG has not only created centers that provide comprehensive oncology services encompassing radiation, medical and surgical oncology, advanced diagnosis, research and innovation on a pan-India basis, but also brought about a positive change in the ecosystem through awareness, education, early detection, higher quality care and outcomes, leading to overall social and economic development of the regions. This unique business model of ours was recognized by Harvard Business School in 2012 and is currently being studied in several business schools across the globe.



Intellectual Capital (continued)

This model provides various benefits to the patients, the company and society at large, including:

Creation of oncology infrastructure in under-penetrated regions of the country

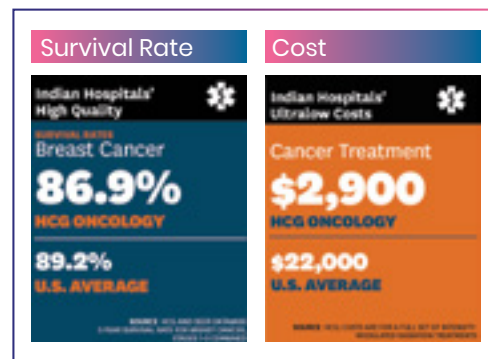
Access to oncology treatment for patients without inconvenience of travel or relocation to other cities

Ancillary cost reduction and ability to use such savings for treatment, given long-term nature of care in cancer

Maintaining continuity of care, reduction in drop-outs, even in late/advance stage cancers leading to better quality of life / outcomes

Promoting socio-economic development and innovation in local communities

Also, “Govindarajan et. al. Harvard Business Review, November 2012, “Delivering World Class Health Care Affordably, Innovative hospitals in India are pointing the way” has highlighted HCG’s leadership in delivering world-class outcomes, matching the best of hospitals in U.S., but at a fraction of the cost. This is a testament of HCG’s core strength in delivering superior outcomes and operational efficiency of its business model.



Quality care

The quality care we provide our patients is aligned to our mission and helps differentiate HCG as a preferred cancer care provider. Since our inception, we are passionate about providing highest quality care and strive to improve every day.

Our focus on quality is the key to providing effective medical care with a patient-centric approach. We undertake various initiatives to improve our quality which includes:

- Tender care program to enhance the skills and competencies of our nurses
- Nurse Navigator to reduce patient dropouts and SPOC in the continuum of care
- Maintenance of Electronic Medical records to improve documentation and ensure centralized and faster outcome computations

We measure a wide range of parameters to measure the quality of our delivery. Some indicators are standardized across the industry while some are benchmarked by us to enhance our services. We have established 120 quality indicators, some of which include:

- Incidence of medication errors (Medication errors per patient days) per 1000 patients
- Number of Variations observed in mock drill
- OT utilization rate
- Nurse patient ratio for wards and ICU
- Inpatient satisfaction Index
- Waiting time for services including outpatient consultation, diagnostics, radiation CT scan
- Time taken for discharge
- Mortality rate

These parameters are monitored across our network. It helps us to understand our current position and enables us to take corrective actions to further improve our outcomes. We constantly benchmark our practices to ensure patient safety and care, and identify opportunities to improve our healthcare services and facilities.

Our facilities are accredited by NABH, an exhaustive healthcare standard for hospitals and healthcare providers. This accreditation is an evidence of quality care provided by HCG to our patients across the globe.

6

Centres are NABH Accredited

3

Centres are NABH Certified

Clinical Excellence

We take pride in our history and culture of building an organisation that is trusted for delivering clinical excellence for complex medical diagnosis. Our main objective is to ensure optimal achievable clinical outcomes while meeting the needs, values and preferences of every patient.

Some of the key initiatives taken during the year by Clinical excellence department to streamline clinical workflows, pathways, documentation standards and clinical outcomes across our network includes:

ATRO 2018

We conducted the third conference of Association for Transitional research in Oncology (ATRO 2018). In this conference data of cases of Head and Neck (n=3137), Ca Cervix (n=1823) and Breast (n=2955) treated between 2013-2015 across our network were analysed (break-up shown in figure 1). The rationale behind the same was to review the outcomes such as disease-free survival and overall Survival, apart from mapping local recurrence rates and disease progression. A recurrence audit was conducted across all sites to

understand the factors leading to local recurrence. Several factors including aggressiveness of the disease, incomplete treatment, outside surgeries were some of the common factors predicting local recurrence.



Clinical Pathways

Clinical pathways for management of Head and Neck, Cervix and Breast were finalized. Audits for compliance were undertaken across all centers and corrective action were initiated for any deficiencies.

Chemotherapy Treatment protocols

Department of clinical excellence together with clinical pharmacology has developed a uniform set of treatment protocols for HCG OIS EMR. With a click of a button, doctors can now prescribe chemotherapy regimen.

Clinical Audit

We initiated uniform clinical audits across HCG centers and started the extravasation audit in medical oncology and nursing departments. A total of 28 clinical audits were done across centers. The audits were undertaken to enhance patient care, clinical outcomes and safety.



Intellectual Capital (continued)

Figure 1: Cancer Registry

1. Gujarat

- Breast, n=488
- Cervix, n=70
- HNCC, n=769

2. Karnataka

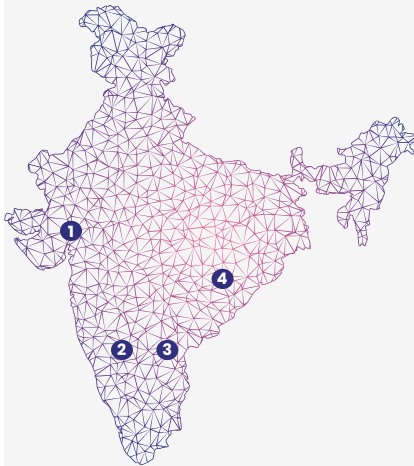
- Breast, n=2029
- Cervix, n=1143
- HNCC, n=1458

3. AP & Chennai

- Breast, n=363
- Cervix, n=594
- HNCC, n=613

4. Orissa

- Breast, n=75
- Cervix, n=16
- HNCC, n=297



Cross Audit

We initiated Cross Audits across our centers wherein senior experts from one center undertakes structured audit of their specialty in another center. We have conducted 18 cross audits across surgical,

medical and radiation oncology departments. The outcomes of the audit are discussed by the core committee and improvement plan are initiated for the center where deficiency was found.

Mortality Audit

We initiated Centralised Mortality audits across all facilities. Summaries of all cases of mortality in HCG hospitals were sent for review to HCG core team in Bangalore. Cases were tested and selected for discussion based on several clinical parameters. The initiatives included implementation of 5 E-ICU and strengthening the Infection control practices across all with focus on preemptive steps to improve chances of survival and institution of clinical care pathways.

Investigator Initiated trials

Several investigator initiated trials were conducted in the following areas:

1. Genomics: Mutations and treatment response and outcomes
2. Radiation response & Radio sensitivity using Radiomics and radiogenomics
3. Whole exome sequencing to identify novel targets in head and neck cancers
4. Oral microbiome in oral cancers
5. Immunotherapy: PDL1 inhibitors, T cell activation, Dendritic cell therapy
6. Radiopharmaceuticals: Use of novel radio pharmaceuticals for theranostics
7. Yoga: Multi-institutional funded studies on Yoga for chemobrain
8. Psycho-oncology: Studies on distress and cognitive function

During the year, two grants were awarded by Ministry of AYUSH and DST for study on role of yoga in chemobrain and fMRI correlates of chemobrain. Several investigators from HCG were invited to give oral presentations at Harvard University, ASTRO meeting, ESMO meeting, Society for Integrative Oncology and other International Association meetings. Overall there were 40 publications being published by researchers in conference proceedings. Several of Young HCG researchers got travel awards and fellowships.





EMR

As a part of digital transformation, we initiated DISHA-Oncology Information System (DISHA-OIS) in MARCH 2019 at our flagship Center of Excellence in Bangalore. Through this platform, we strive to optimize, digitize and automate our clinical workflows, thereby, enhancing clinical care through use of digital data. We are in the process to further integrate the system with Radiology Information System (RIS), Lab Information Systems (LIS) to bring in end to end integration of workflows through the patient lifecycle and improved efficiency.

40

Publications published in FY19

28

Clinical Audits conducted in FY19

18

Cross Audit conducted in FY19

Innovation@HCG

Life of a Laryngectomy person is marked by many problems including no voice box, breathing through a trachea-stoma, absence of Nasal breathing, unable to smell and altered taste & swallow. In order to aid their problems, we at HCG, supporting our in-house doctor/inventor, introduced AUM – VOICE BOX. It is an innovative device made of silicone, helping people to regain their voice at a fractional cost.



Human Capital



As we continue to grow, we stay focused on building strong inclusive culture that encourages our people to be at their best. Our people remain passionate advocates of ‘adding life to years’ for our patients to deliver incalculable long-term value.

Working at HCG means having an engaging and learning experience. We strive to build a workforce that delivers enhanced care to patients, going above and beyond to give their best. Our inclusive and diversified work culture creates an environment wherein everyone learns, contributes and grows. We proudly call our employees “HCGians” that consists of expert oncologists, cadre of well-trained nurses and administrative professionals.

At HCG, employees are provided with opportunities to enhance their skills and adapt to changing medical landscape. As our endeavour to fight against cancer, we strive to create an inclusive work environment that motivates, respects and encourages teamwork within our employees.

A team of specialists

Our human capital consists of experts from various fields with expertise to address critical and complex cancer cases across our network. We work together to ensure accurate diagnosis and treatment is provided to our patients along with consideration for rehabilitation, coupled with shorter hospital stays. Our expert panel consists of medical oncologists, surgical oncologists, radiation oncologists, onco-pathologists, onco-radiologists, immuno-therapists, nuclear medicine experts, onco-psychologists, nutritionists and physiotherapists among others.

A team of specialists

5879 
Employees across HCG

1183 
Paramedical Staff

305 
Doctors including oncologists, radiologists, pathologists and specialists.

2288 
Support staff

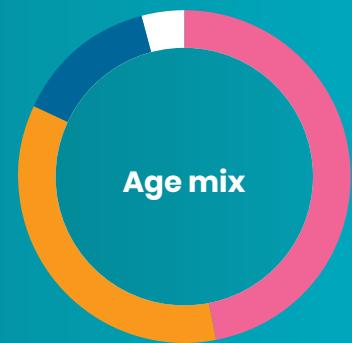
1798 
Nurses

Diverse and inclusive workforce

Our people are most important for helping us meet our organisational goals. As we work towards building a diverse talent pool, their retention is critical to our long-term sustainability. We encourage inclusiveness and collaboration of ideas that thrive on diversity of our people. Our work policies and framework are designed to make our people valued and able to fulfil their potential, regardless of age, gender, ethnicity or disability.

A strong gender-balanced workforce at HCG comprises of women across multiple functions and roles. During the year, we stepped up our recruitments for hiring women employees that are in line with our strategies on how we empower our women workforce at workplace.

% of total Employees



Age mix

- Between 18 to 30 years **47%**
- Between 30 to 40 years **35%**
- Between 40 to 50 years **14%**
- Above 50 **4%**

33.03 years

Average age of Employees



47:53

Gender Diversity ratio
(Women : Men)

11

Specialty abled employees

Occupation health and safety

At HCG, along with patient's care, we ensure health and safety of all our employees across our operations. Our key objective is to ensure safety at all levels with compliance with legislative requirements and industry standards. 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.

2865.5

Hours of health and safety training conducted

2575

Employees participated in health and safety training

ZERO

Incidents including fatal accidents reported during the year under review



Human Capital (continued)

Training and development

In order to provide quality treatments to patients, it is vital for us to rapidly evolve with the changes in the business environment and introduce new technologies to attain medical excellence. Our training plans are drawn up to ensure that our employees can meet the evolving needs of Cancer care treatment, adapt to new technologies and meet patient's expectations. A judicious mix of all possible methods benchmarked with international standards are used in our training programmes.

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 with IISM, leveraging benefits of MS office with Microsoft and ICW training with a team of external lawyers. These training programmes are reviewed on a regular basis to ensure they help our team adapt to changing business environment and stay relevant to their specific work profile.



Training hours

FY19 **196402**

FY18 **120235**

FY17 **45382**

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 and fellowship. Through this programme



we provide a range of training that develops cognitive, affective, and psychomotor domain of each and every individual nurses at the HCG family. Apart from these training,

on a weekly basis we connect our nurses with experts across HCG network through video / Skype conferencing call where they can interact with the experts and clear their doubts relating to nursing protocols.

NURSING TRAINING AND DEVELOPMENT PROGRAM

Nurses at have a platform for skill improvement and professional growth

Mandatory Training – Annual

- Nursing Induction
- Basic Life Support
- Advanced Cardiac Life Support
- Pediatric Advanced Life Support
- Patient Safety
- Fire Safety
- Infection Control
- Medication Safety

Tender Care Outline

- COMPETENCY ASSESSMENT/GRADING EXAM
 - Fellowship in Medical Oncology
 - Fellowship in Head & Neck
 - Fellowship in Bone Marrow Transplant
 - Fellowship in Critical Care
- NURSING FELLOWSHIP PROGRAM
- NURSING LEADERSHIP PROGRAM
- NURSE NAVIGATOR PROGRAM

School of Nursing

- Post Basic Diploma in Oncology Nursing (INC)
- Critical Care Nursing Program (IDCCN)

Certificate Program

- Infection Control Nursing Program
- Peripherally Inserted Central Catheter Training Program
- Stoma Care Nursing Program
- Infusion Therapy Training
- Oncology Nursing Training
- Train the Trainer Program

Virtual Training Program

- Case study presentation
- Scientific Sessions and presentation Program (IDCCN)

Regional, State, National Level Nursing Workshops and Conferences

Leaders for Tomorrow

HCG invests significantly in developing leaders for better tomorrow. We have two main leadership programmes: the Rising Star to retain internal top talents, which focuses on encouraging employees to take up higher job responsibility or position based on criteria and process, and HCG leadership program, which provides enterprise-wide platform to drive projects of strategic importance under the mentorship of Senior Leaders.

Our leadership programmes continues to be key differentiator and hugely successful in retaining top talents as well as attracting new talents to HCG. Through our initiative we ensure that our employees are willing and able to emerge as leaders having the agility necessary to adapt to change.



Career growth opportunity

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



Human Capital (continued)

Employee engagement

At HCG, we believe highly engaged employees deliver results, whether it is clinical staff or support service staff. Our various employee engagement initiatives enable us to build a constructive work culture that drives our employees. These workshops and programmes include:

- **Newsletter - HCGian:** A quarterly newsletter created by the employees and for the employees, covering unit-specific news and updates. The newsletter covers the organization updates and events with articles giving insights about employee achievements.
- **Learning Saturday:** Every month an organized training and employee engagement session is conducted on Saturday at the corporate office. 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

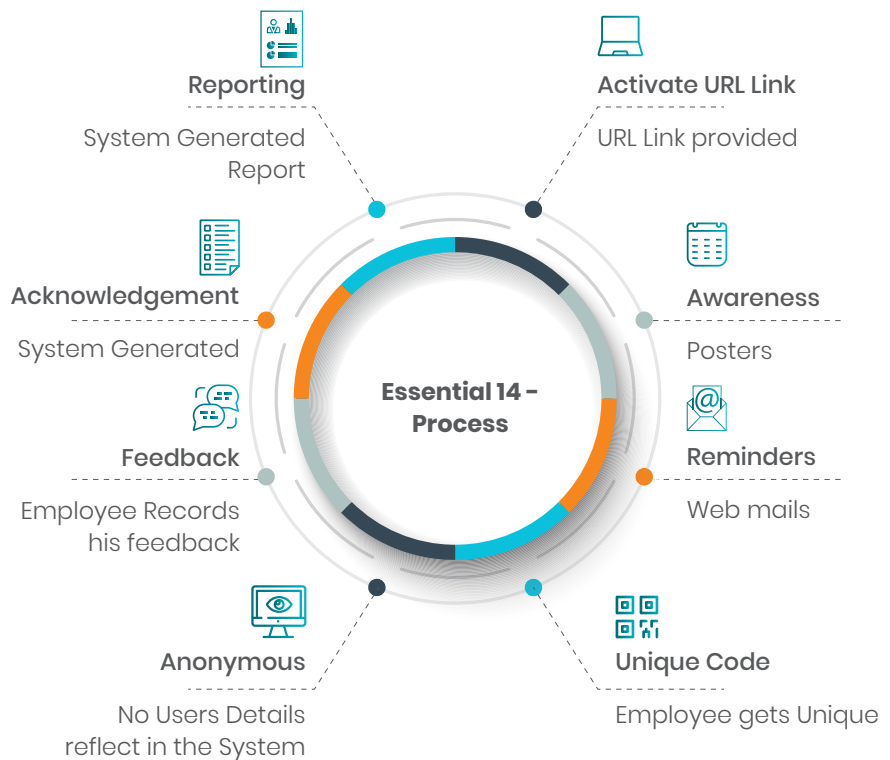
several initiatives to conserve the environment.

- **World Cancer Day:** Being at the forefront of fighting against cancer disease, at HCG we commemorated world cancer day with great significance. We conduct activities and mock drills to promote the prevention and care methods of the disease.
- **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.

We even conduct employee engagement survey to track the engagement and experience of the entire workforce, giving us insights to their attitude and mindset.

Process of taking feedback:



81%

Employee engagement score (as per ESS November 2018) with 63% employee participation

Academics @ HCG

At HCG, we believe that learning is a never-ending process and is vital in maintaining the quality of care and high-level of excellence with continuous learning. Through our academic facilities, we aim to create home-grown professionals and strengthen our clinical excellence. Across the HCG network, we conduct medical education programs, weekly tumour board discussions and teaching programs, leading to HCG certified specialty degrees that are university and national board recognised.

105

Students registered for various courses in FY19

20

Courses offered in various segments of Oncology

1.

DNB Medical Oncology

2.

DNB Radiation Oncology

3.

DNB Surgical Oncology

4.

DNB Onco Pathology

5.

B.Sc. Medical Lab Technology

6.

B.Sc. Radiotherapy Technology

7.

B.Sc. Operation Theatre Technology

8.

Fellowship in Onco Pharmacology

9.

Fellowship in Radiosurgery

10.

Fellowship in Pediatric Hematology Oncology

11.

Fellowship in Interventional Radiology

12.

Fellowship in HPB & Liver Transplantation

13.

Fellowship in Hematology & BMT

14.

Fellowship in Onco Anaesthesia

15.

Fellowship in Orthopaedics

16.

Fellowship in Gynaecology Oncology

17.

Fellowship in Onco Radiology

18.

Fellowship in Uro Oncology & Robotic Surgery

19.

Fellowship in Advanced Techniques in Radiation Oncology

20.

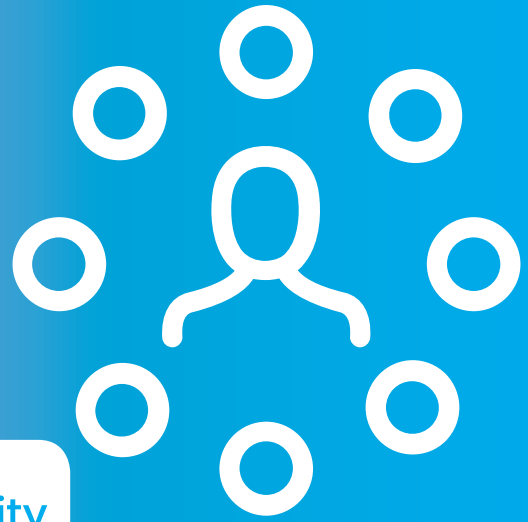
Fellowship in Head & Neck Surgical Oncology

Academics @ Milann:

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

- Post-doctoral fellowship program in reproductive medicine (Affiliated with National Board of Examinations, Rajiv Gandhi University of Health Sciences)
- Post-doctoral fellowship programs in Maternal Fetal Medicine

Social & Relationship Capital



At HCG, we believe it is our responsibility to serve mutual interests, and maintain healthy relationship with all our stakeholders to sustain our business growth. Through these partnerships and our core belief, we strive to create sustained value for our patients, business partners and society in which we operate.

Patients

We offer our patients technologically advanced diagnosis and interventional oncology services with comprehensive cancer management. Along with an expert team of oncology specialists, HCG centers are well equipped as we constantly invest in linear accelerators and treatment planning software to provide accurate and effective treatment for a wide range of cancers.

By providing quality care and services, we ensure patient loyalty and satisfaction and drive organic growth. We believe innovation is the key to meet patient's satisfaction. This includes finding new ways of addressing patient needs and going that extra mile consistently.

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. Other key processes to measure quality of care and resultant outcomes includes MRD & Quality review, patient experience calculator, Mortality review and Tumour Boards.

To further increase patient comfort, we launched 'HCG Home Health'. Through this division we provide quality services, including Nursing

Care, Nursing Attendants, EICU, ICU setup, Pharmacy Delivery and Sample collections for multiple Diagnostics services, at patient's home. As of now, we provide this services through centres in Bangalore and in Ahmedabad. We are also in process to expand this service across all our centres.

With the vision of emerging as the lead cancer care provider, we constantly monitor our customer needs and adapt to changes in technological environment in order to provide comprehensive quality care to patients. We develop strategies and implement practices that enables us to create positive impact on patients, who are at the center of everything we do.

87.4%

Average Outpatient Satisfaction ratio* in recent year

86.5%

Average Inpatient Satisfaction ratio* in recent year

*Patient satisfaction surveys conducted at Bengaluru center of excellence

Reducing

Average Length of Stay (ALOS) for patients through technology and efficiency

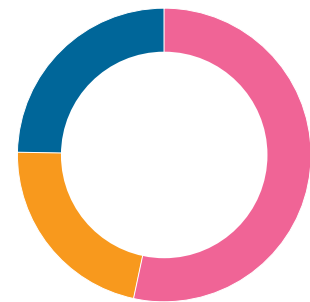
Increasing

trust in brand HCG among domestic and international patients

Optimisation

of treatment cost, while maximising quality of care and outcomes

Payor mix in FY19



- Cash **53.6%**
- Govt. **21.7%**
- Corporate/Insurance **24.7%**



Social & Relationship Capital (continued)

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.



Investors

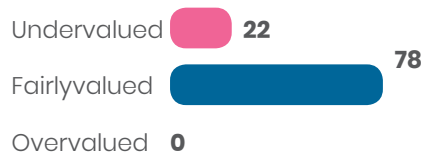
Through our operations, we strive to maximise shareholder returns, maintain strong corporate governance and improve the level of transparency along with proactively and timely communication. We scrupulously adhere to a strict code of transparency in our relationships with investors. Information about our activities and performance, financial and non-financial, as well as strategies and future plans are made available to the investors to the maximum extent possible. We communicate with them on an ongoing basis through media announcement and investor presentations about all the relevant information. The investor relations department actively engages with investor community and provides access to management and facilities as well as addresses any queries and concerns in a timely manner. The company is under coverage of 10 research analysts on the sell-side, including domestic and global research and brokerage houses, who analyse the business, publish reports and also engage with company and investor community, while maintaining transparency and ethical codes of conduct.

2

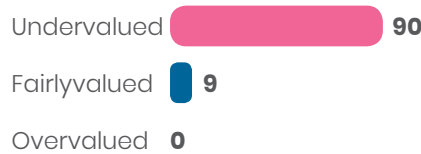
Anonymous perception studies conducted by third party across investor community

Response by participants on HCG's Valuation Potential (in %)

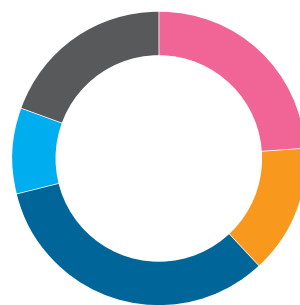
2017 Investor perception study



2018 Investor perception study



Shareholder Mix



Promoter group	24.1%
MFs	14.1%
FI	33.1%
Others	9.5%
Public	19.2%

Business partners

Our business partners consists of technology vendors, pharmaceutical companies, suppliers, TPAs and insurance companies, specialist physicians, and hospitals infrastructure providers who enable us to serve our patients better. We seek to build a long-lasting mutually beneficial relationship with our business partners based on trust and transparency. To empower local communities in which we operate, we undertake partnerships with local specialists and surgeons to create value for a larger patient community. At HCG, we believe that this will enable us to achieve our long-term goals.

Given the nature of our business, we select our business partners on the basis of their expertise, reputation, ethics and values. This is to ensure highest quality care and treatment for our patients across our network. In our daily course of business, we ensure regular interaction with them on various topics to ensure responsible growth and alignment of objectives for shared success.

Technology vendors



Social & Relationship Capital (continued)



3

Location:	Bangalore
Partners (Business):	M. S. Ramaiah Hospital, through Gokula Education Foundation <i>Educational Institute and Multispeciality Hospital</i>
Nature of Partnership:	Revenue Share

4

Location:	Hubli
Partners (Business):	NMR Medical Institute Pvt. Ltd. <i>Freestanding Diagnostics centre</i>
Nature of Partnership:	Revenue Share

5

Location:	Nasik
Partners (Business):	Dr. Raj Nagarkar <i>Surgical Oncologist</i>
Nature of Partnership:	Joint Venture

6

Location:	Ahmedabad
Partners (Business):	Astha Oncology Private Ltd. <i>Group of Surgical Oncologists</i>
Nature of Partnership:	Joint venture

1

Location:	Cuttack
Partners (Business):	Dr. K.S. Panda, through Panda Medicals Pvt. Ltd. <i>Surgical oncologist</i>
Nature of Partnership:	Free for services and rent paid to our partner.

2

Location:	Chennai
Partners (Business):	Sri Kavery Medical Care Ltd. <i>Multispeciality Hospital</i>
Nature of Partnership:	Revenue Share

Government

One of our key stakeholders, government has a significant impact on our business in several ways right from originating laws and regulations to issuing licenses to operate. We are committed to maintaining highest ethical standards and corporate governance practices. Thereby, we ensure all the regulatory requirements are complied with in timely manner. We put significant efforts to maintain transparency with all our stakeholders at all levels of our organisation.

Along with regulatory requirement, we even participate in various government initiatives aimed at improving the quality of life of the people. During the year under review, we had participated in state and central government schemes focused on providing health care services to the economically backward section of the society. Therefore, this also makes government an important customer segment for us, predominantly in non-metro regions of our operations. We actively engage with government bodies towards monitoring conduct and operations of these schemes.

Industry Regulatory Bodies

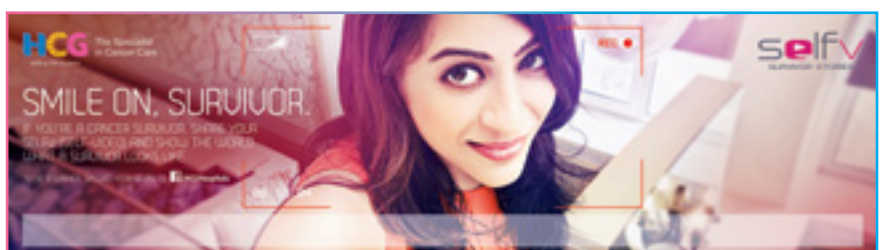
HCG engages in constructive dialogues with industry regulatory bodies and associates on issues of legitimate interest of the group. At Industry level, we participate in many industry forums and associations. We collaborate with these associations and forums to set industry standards and benchmarks with 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.

Media

The PR team at HCG maintains healthy relationship with press and media partners to ensure visibility of our oncology related

activities. Our strategy is to target the right media channels with an organized approach on press engagement to ensure maximum outreach. Through our initiatives we have been able to touch thousands of lives across various regions, age group, gender and cancer conditions. We have even established a one-of-its-kind online platform - www.selfv.in, for cancer survivors to celebrate the indomitable spirit of overcoming cancer. Survivors of cancer upload their story of conquest over cancer and embracing their present way of life, celebrating every moment. This initiative has had a positive impact on patients suffering from cancer giving them hope from fighting cancer and break the stigma attached to the disease.



Social & Relationship Capital (continued)

Social Capital

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 starting June-July 2019 in Mysore/Hunsur region. The project will involve a select group of tobacco farmers who will be assisted to grow primarily sandalwood besides other seasonal vegetables and fruits in their agricultural land.

50

Farmers including growers of FCV (Flue Cured Virginia) tobacco

50 acres

Cumulative land covered by the project

₹ 150

Cost of 1 kg FCV tobacco

₹ 3000 – 6000

Cost of 1 kg sandalwood

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.

Technology, and heart @ HCG: Secured future of a 14 year child, Madhumitha



In March 2017, during a compulsory routine health check-up at Madhumitha's school, she told the doctor her discomfort in reading

words written on the board. In the preliminary diagnoses, doctors doubting some severe health issues informed the teacher that she needs to get a couple of scans done. The reports revealed a growth in the optic nerve, which was diagnosed as Cancer. The growth being cancerous, it should be removed and the area needs to be treated to prevent further growth of the cancerous cells. Therefore, the doctors had referred Madhumitha to HCG hospital in Bangalore for treatment

through cyberknife which is one of the few technologies capable of treating such complex cases. Madhumitha's parents were not in a financial position to afford cyberknife treatment cost, which was close to ₹ 300k. The dilemma was that cyberknife treatment was critical given complexity of the case. HCG stepped in to provide monetary support for Madhumitha's treatment. She completed her treatment in the year 2018 and resumed her school, to give wings to her dreams.

Calamity strikes, Crowdfunding revives: Extended support to Ratnakumari



Ratnakumari, 43-year-old, residing in Kammagundahalli, is a mother to three children. Her husband Mastamiah, the sole bread earner in the family, worked as a helper in transporting iron rods. Ratnakumari and Mastamiah's son was studying

in 12th standard while both their daughters were disabled.

In 2016, Ratna got diagnosed with breast cancer. Another family member's illness added to the woes of Mastamiah. Despite financial challenges, he got the surgery done. Later the rains made them homeless as the roof of the house collapsed. A little respite came when a friend offered them a place to stay. Burdened to take care of the entire family, he could not afford to miss even a single day as it puts the whole household in jeopardy. The medical expenses for his daughters itself cost around ₹ 300/- for five days.

When HCG came across the case, we helped Ratnakumari get surgery and radiation, by providing financial support. But Mastamiah was unable to afford follow-up care and medication for Ratna. HCG with the help of Milaap crowdfunding, raised money for her further treatment. She has now completed her treatment and has good health. She visits the hospital for regular check-ups. Recently, a wheelchair was donated for the disabled daughter as replacement for her damaged wheelchair.

Social & Relationship Capital (continued)

Adding 'life to years'

A forthcoming study conducted by SEO Amsterdam Economics, commissioned by International Finance Corporation (IFC), an affiliate of World Bank, evaluates the socio-economic 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.



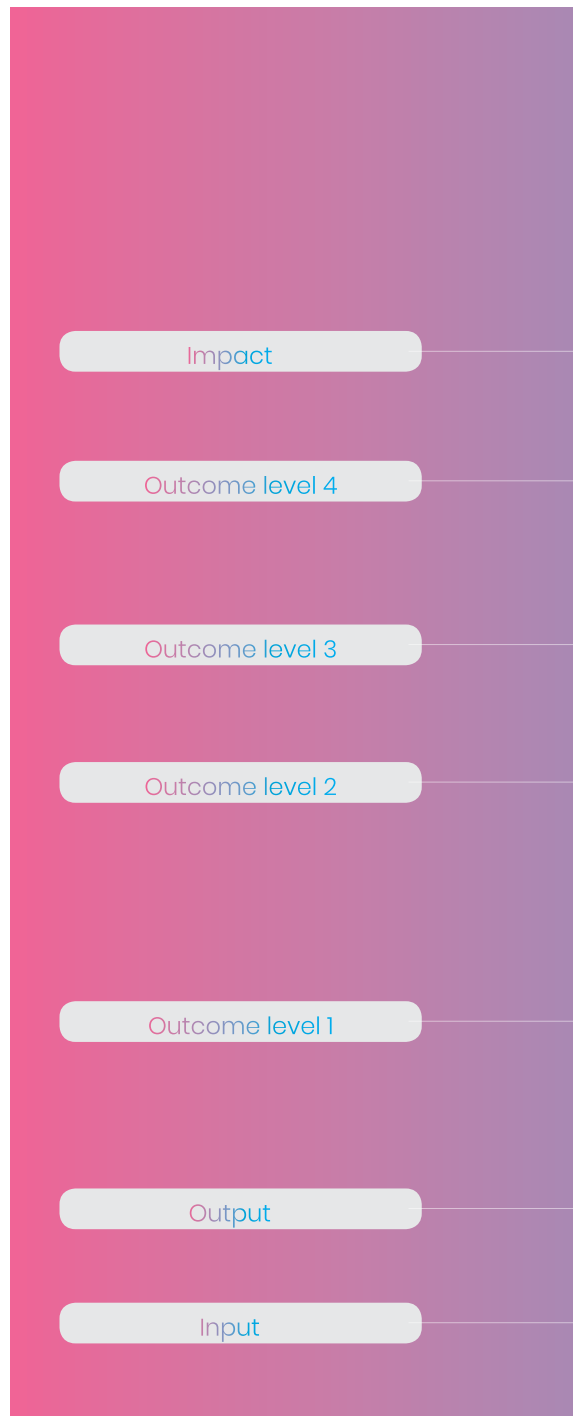
According to the study, the quality indicators collected by HCG suggest that experienced quality of care is high at HCG. This was reflected in an average outpatient satisfaction ratio* of 87.4% and an average inpatient satisfaction ratio* of 86.5% during 2018. This ratio is higher than some global comparators, 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.

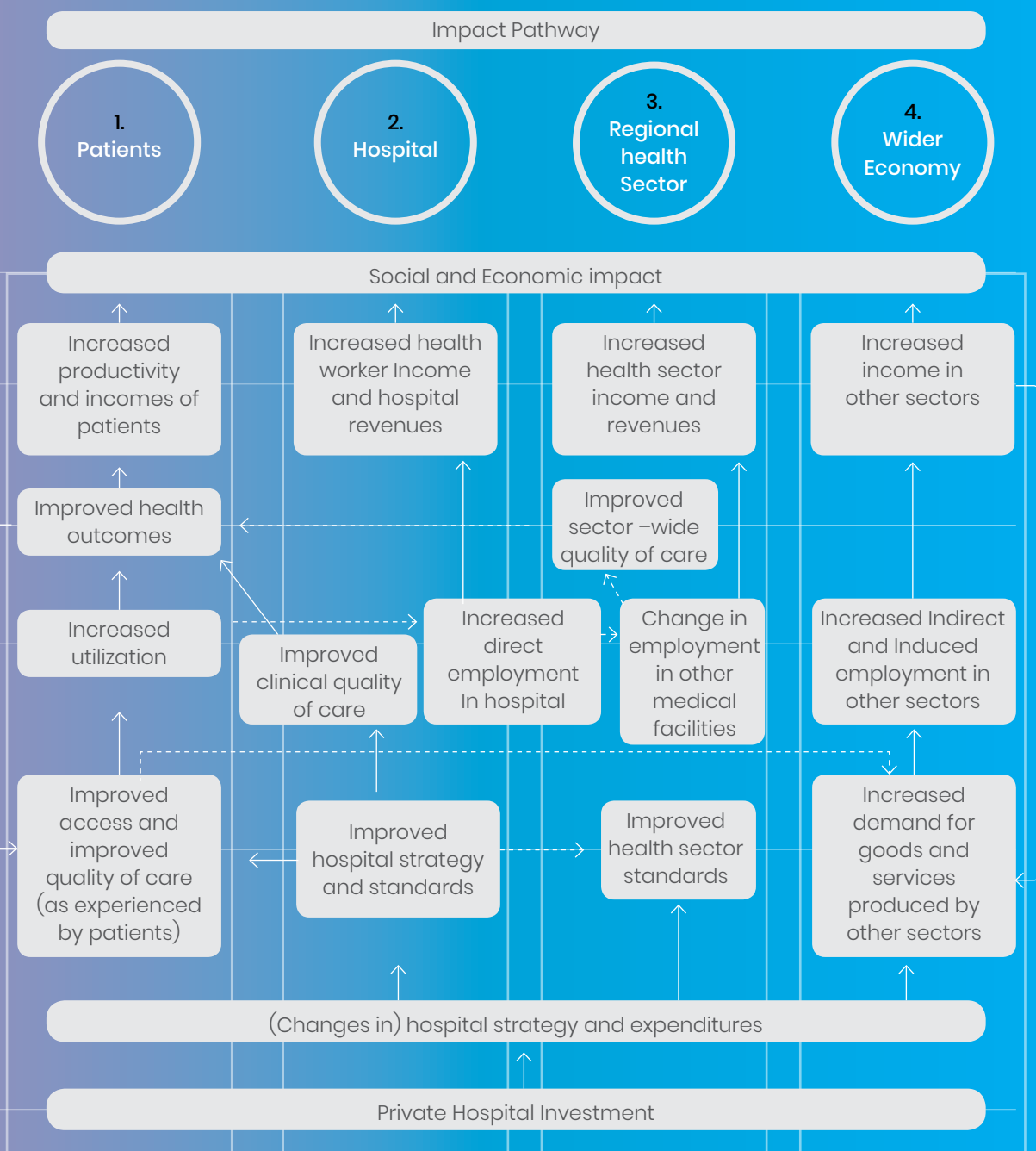
At the level of health sector, it is creating an impact with improved access to oncology care (including via hub-and-spoke model), improving quality of cancer care and setting new standards in clinical care through its state-of-the-art technology investments and quality system.

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.

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



Theory of change and impact



Natural Capital



At HCG, we believe that it is our responsibility to contribute towards preserving the environment in which we operate. Our main areas of impact include efficient utilization of resources, electricity consumption and water, and disposal of hazardous and non-hazardous waste. Thereby, we are committed to achieve efficient energy consumption across our network and strive to reduce our water consumption and carbon emission.

Energy usage and emission

Our approach to efficient energy consumption includes monitoring, recording, benchmarking and setting a threshold limit of energy consumption across all our facilities.

We strive to keep our consumption within the prescribed limits. Hence, we regularly maintain a record of energy consumption indicators, including stack emissions from diesel generator (DG) and other air emission sources, at our Centres as per defined processes and the same is reviewed by our management. To further reduce our energy footprints, we are in process of switching completely to LEDs and reduce usage of paper across the organization.

Moreover, we have installed solar roof top panels at Nashik and are in process at various other locations, towards our endeavour to increase usage of renewable energy sources.

1

Solar rooftop panel installed in Nashik centre

75 KVA

Capacity of solar rooftop at Nashik centre



Water Stewardship

Our sustainable business approach reinforces our commitment to reduce our water consumption across our facilities. We constantly look for alternative ways to use water more efficiently while reducing our consumption. Apart from reducing consumption, we are in the process of installing water meters at discharge for STPs. This will enable us to monitor the quality of water discharge and re-use for other utilities.

Waste Management, reuse and recycling

Another area wherein HCG is proactively working is by 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.

Adoption of technology

We adopted usage of iPads for our board and strategy meetings in order to reduce excessive usage of paper and printing supplies and the resultant wastage of resources. In FY19, all board meetings were pre-dominantly conducted through use of electronic mediums and minimal paper usage.

Hazardous and Non-hazardous Waste Type	Annual Quantity and Units	Method of Storage and Handling	Method of Recycling, Reuse or Disposal
Bio Medical Waste	2,64,000 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	~660 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	5,95,000 kgs per year	Stored in a secured area and cleared regularly as per local municipality rules.	Handed over to Local Municipalities.



Director's Report

Dear Members,

Your Directors are pleased to present the Twenty First 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, 2019.

1. Financial Highlights:

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

	₹ in Mn.	
Consolidated	2018-19	2017-18
Income from operations including Government grants	9,786.7	8,306.9
Total Expenditure excluding Depreciation, Interest cost, tax and exceptional items	8,534.8	7,118.7
Profit before other income including Government grants, Depreciation, Interest cost, tax and exceptional items	1,251.9	1,188.2
Other income	74.1	128.0
Depreciation, Finance Charges and exceptional items	1,549.9	1,030.4
Share of (loss) of equity accounted investees	(109.8)	(14.0)
Profit before tax	(333.8)	271.8
Profit / (Loss) after tax attributable to the owner's of the Company	(248.0)	205.2
Standalone		
Income from operations including Government grants	6,414.3	5,868.7
Total Expenditure excluding Depreciation, Interest cost, tax and exceptional items	5,464.3	4,981.4
Profit before other income including Government grants, Depreciation, Interest cost, tax and exceptional items	950.0	887.3
Other income	125.5	159.3
Depreciation, Finance Charges and exceptional items	949.8	677.8
Profit/(Loss) before tax	125.7	368.8
Profit/(Loss) after tax	72.5	248.9

2. Performance Overview:

Consolidated Operations:

The consolidated income from operations including Government grants for FY 2018 - 19 was ₹9,786.7 million as compared to ₹8,306.9 million in the previous fiscal year, reflecting a growth of 17.8%. EBITDA in FY 2018- 19 was ₹1,251.9 million as compared to ₹1,188.2 million in FY 2017-18, reflecting a year-on-year increase of 5.36%. EBITDA margin for the year was 12.8% as compared to 14.3%

in FY 2017-18, reflecting a decrease of 1.5% primarily due to incremental losses incurred by new centres. Profit (loss) after tax (owner's share) in the current fiscal year was ₹(248.0) million as compared to ₹205.2 million in FY 2017-18 mainly on account of higher Finance cost and depreciation for setting up of new centers and loss on account of foreign currency translation.

The revenue growth was driven by 19.7% growth from HCG Centres (including the multi-specialty hospitals) while Revenue from Milann centres degrew by 3.8%. HCG Centres constituted 93.4% of the consolidated revenues for the Company and the remaining 6.6% of the consolidated revenue was contributed by Milann Centres.

Standalone Operations:

The Company ended the year FY 2018-19 with income from operations (including Government grants) of ₹6,414.3 million as compared to ₹5,868.7 million for the previous financial year, reflecting an increase of 9.3%. Our EBITDA before exceptional items for FY 2018-19 was ₹950.0 million with EBITDA margin of 14.8%.

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, 2019, our HCG network consisted of 21 comprehensive cancer centres, including our centre of excellence in Bengaluru, 3 freestanding diagnostic centres and 1 day care chemotherapy centre 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). Our freestanding diagnostic centres and our day care chemotherapy centres offer diagnosis and medical oncology services, respectively. 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.

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

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

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

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, Associates and Joint Ventures

We, along with our Subsidiaries and Associates, provide speciality healthcare focused on cancer, fertility, clinical diagnostics and research.

As on March 31, 2019, 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, 2019
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%

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, 2019
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 (Mauritius) Pvt. Ltd.	Mauritius	Health Care Services	100.00%
13	Healthcare Global (Africa) Pvt. Ltd. (Subsidiary of HCG (Mauritius) Pvt Ltd.)	Mauritius	Health Care Services	76.73%
14	HealthCare Global (Uganda) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Uganda	Cancer Care	76.73%
15	HealthCare Global (Kenya) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Kenya	Cancer Care	76.73%
16	HealthCare Global (Tanzania) Private Limited (Wholly Owned Subsidiary of Healthcare Global (Africa) Pvt. Ltd)	Tanzania	Cancer Care	76.73%
17	HCG SUN Hospitals LLP	India	Health Care Services (Multi- Specialty)	74.00%
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%

Effective from August 01, 2018, Apex Criticare LLP, the minority partner holding 49.9% of Apex HCG Oncology Hospitals LLP, Borivali (Apex HCG LLP) has retired from Apex HCG LLP, and have ceased to be a partner of Apex HCG LLP. Consequent to the retirement/exit of Apex Criticare LLP, Niruja Product Development and Healthcare Research Private Limited, a wholly owned subsidiary of the Company ("Niruja") has been admitted as the other partner in Apex HCG LLP; and as on date HCG and Niruja are the partners of Apex HCG LLP, with a capital contribution in the ratio of 99.9% and 0.1%, respectively.

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.

During the year, the Company along with Strand Life Sciences Private Limited have made an application to the Registrar of Companies, Karnataka, for striking off the name of Strand-Triesta Cancer Genomics LLP, ("Strand Triesta LLP"), as Strand Triesta LLP had been inoperative since its incorporation. The capital contribution of the

Company proposed to be made in respect of Strand Triesta LLP was 30% of the total contribution. 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 have also been placed on the website of the Company at <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. 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.

12. 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 SEBI LODR Regulations, your Company has filed half yearly report on Related Party Transactions with the Stock Exchanges, for the year ended March 31, 2019.

13. Initial Public Offer

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

The proceeds of the initial public offer are fully utilized during the year for the following purposes:

1. Purchase of medical equipment
2. Investment in IT software, services and hardware

3. Pre-payment of debt; and
4. General Corporate Purposes

The Company has not deviated on the utilization of the proceeds of the IPO.

14. Share capital

- a) Authorized Share Capital: As on the date of this report, the authorized share capital of the Company is ₹1,320,000,000 consisting of 132,000,000 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 been increased from ₹869,044,730 consisting of 86,904,473 equity shares of ₹10 each to ₹879,190,330 consisting of 87,919,033 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)	30,750	10	07-02-2019
	32,940	10	09-11-2018
	16,370	10	22-05-2018
Preferential allotment of Equity shares to Dr. M Gopichand	934,500	10	09-04-2018

15. Number of meetings of the Board

The Board met five times during the financial year 2018-19 viz., on, May 22, 2018, July 12, 2018 August 09, 2018, November 09, 2018, and February 07, 2019. 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.

16. 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.

17. Extract of Annual Return

The extract of the Annual Return of your Company as on March 31, 2019 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 is annexed 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>.

18. Director's 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 2018-19.

19. Appointment of Directors

During the year under review, there were no changes in the constitution of the Board of Directors of the Company.

20. Reappointment of Directors

As per the provisions of the Companies Act, 2013, Mr. Gangadhara Ganapati, 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.

21. Key Managerial personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnels (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, Mr. Yogesh Patel has resigned as Chief Financial Officer of the Company w.e.f August 12, 2018; and Mr. Srinivasa V. Raghavan was appointed as Chief Financial Officer of the Company w.e.f. July 27, 2018.

22. Board of Directors and Committees of the Board and their constitution

Your Company's Board of Directors comprises of Executive Directors, Non-Executive Directors and Independent Directors. The Composition of the Board along with relevant information pertaining to Directors are detailed in the Corporate Governance Report which forms a part of this Report.

The Board has formed the following five Committees:

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

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 is as under:

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

The Audit committee was reconstituted and renamed as the "Audit and Risk Management

Committee" by a meeting of the Board of Directors held on May 29, 2015.

(b) Nomination and Remuneration Committee

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

The members of the Nomination and Remuneration Committee are:

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

(c) Stakeholders' Relationship Committee

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

The members of the Stakeholders' Relationship Committee are:

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

Ms. Bhushani Kumar was admitted as member of Stakeholders' Relationship Committee on February 07, 2019.

(d) Corporate Social Responsibility Committee

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

The members of the Corporate Social Responsibility Committee are:

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

(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 members of the Committee are:

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

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.

23. 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 2018-19, given the changing external environment, some areas have been identified for the Board to engage itself with and these will be acted upon.

24. 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.

25. Corporate Social Responsibility

Your Company has been taking initiatives under Corporate Social Responsibility (CSR) for society at large, well before it has been prescribed through 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/>.

During the year, the Board of Directors of the Company, at the recommendation of the Corporate Social Responsibility Committee, have agreed to support certain projects/activities of

International Human Development and Upliftment Academy (“IHUA” or “the Trust”), a trust based in Mysore, which includes providing support for rural school programme, vocational training to provide partial/full-time employment and health education to rural community.

Annual Report on Corporate Social Responsibility is annexed herewith as **Annexure 7**.

26. 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.

27. 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 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.

28. 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 their genuine concern of any conduct that results in violation of the ethical behaviour, or to report any act, if not conducted in a fair, transparent manner thereby compromising professionalism, honesty and integrity (on an anonymous basis, if stakeholders so desire). Likewise, under this policy, we have prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee’s reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the said investigation. No individual in the Company has been denied access to the Audit and Risk Management Committee or its Chairman. This 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 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.

29. 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>.

30. 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.

31. 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, 2019 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 ₹10.2 million or more, employees employed for part of the year and in receipt of ₹0.85 million per month or more, pursuant to Rule 5 (2) and 5 (3) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also provided in **Annexure 4** to this report.

32. 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.

33. Statutory Auditors

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

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 21st AGM.

34. 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, 2019; and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

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

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

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

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

36. 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, 2019. The said Report of the Secretarial Audit in Form MR 3 is annexed herewith as **Annexure 2** and forms part of the report.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor of the Company, in their Secretarial Audit Report, except with regard to the Cost Audit Report, for not having obtained within 180 days as required under Rule 6 (5) of the Companies (Cost Records And Audit) Rules, 2014; and for not disclosing the names of the top ten employees of the Company in the Annual Report of the financial year 2017-18 in terms of remuneration drawn as required under Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

On the observations/remarks contained in the Secretarial Auditors' Report, our response is as under:

a) with regard to the Cost Audit Report, for not having obtained the same within 180 days as required under Rule 6 (5) of the Companies (Cost Records And Audit) Rules, 2014, we would like to state that, in view of the change in cost segmentation for FY 2017- 2018 and considering the time taken for deriving the merged financial statements and the cost statements on account of the merger of HCG Pinnacle Oncology Private Limited, (a subsidiary of the Company) with the Company, the cost

statements could not be placed before the Board within 180 days from the financial year end. The Company has subsequently obtained the Cost Audit Report and the same was approved by the Board of Directors on the 09th November 2018 and the same was filed with the Registrar of Companies, Karnataka. The Company has also made a compounding application in this regard.

b) With regard to not disclosing the names of the top ten employees of the Company in the Annual Report of the financial year 2017-18, in terms of remuneration drawn as required under Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, we would like to state that, considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, was sent to the members of the Company and others entitled thereto. The said information was available for inspection at the Registered Office of the Company.

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.

37. 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, had appointed M/s. M. Thimmarayaswamy & Co., Cost Accountants to audit the cost records of the Company for the Financial Year 2018-19. M/s. M. Thimmarayaswamy & Co., Cost Accountants have resigned as cost auditor of the Company on 22nd March 2019.

The Board, on the recommendation of the Audit and Risk Management Committee has appointed M/s. Rao, Murthy & Associates (Firm Registration No. 00065), Costs Accountants as the cost auditors of the Company for FY 2018-19 to fill the vacancy caused by resignation of M/s. M. Thimmarayaswamy & Co., Cost Accountants; and have also approved the appointment of M/s.

Rao, Murthy & Associates as the Cost Auditor of the Company for FY 2019-20, at a remuneration of ₹1,75,000 (Rupees One Lakh Seventy-Five Thousand Only) (exclusive of taxes and re-imbursment 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 2019-20 at the ensuing Annual General Meeting.

Cost Audit Report for the financial year ended 31st March 2018 has been filed with the Registrar of Companies.

38. 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**.

39. Prevention of Sexual Harassment Policy

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

During the year 2018-2019, three complaints were received at a group level and the same were investigated, out of which two were resolved as per the provisions of the Act. One complaint was pending as on the date of this report.

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

40. 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.

41. 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, 2019 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, 2019, the Company has recorded stock compensation expense of ₹30,559,323 (2018: ₹27,093,288).

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

42. Corporate Governance

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2019, as per regulation 34(3) read with Schedule V of the SEBI LODR Regulation including Certificate from CEO and CFO as per Regulation 17 of SEBI LODR Regulations, 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 2018-19 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

Date: May 23, 2019
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 31st March 2019.

For and on behalf of the Board of Directors

Dr. B. S. Ajaikumar
Chairman & CEO

Date: May 23, 2019
Place: Bengaluru

ANNEXURE 1

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2019

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	LI5200KA1998PLC023489
2.	Registration Date	12 th 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@hcgoncology.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech 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@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company (standalone basis)
1	Hospital activities	86100	87.29
2	Retail sale of pharmaceuticals, medical and orthopaedic goods and toilet articles	47721	10.97

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, Vaishali Heights, Wing "A", Chandawarkar Road, Borivali West, Mumbai 400 092, Maharashtra (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)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable Section
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, 3 rd 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)
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	59.49%	Section 2(87)
19	Strand Life Sciences Private Limited, 5 th Floor, Kirloskar Business Park, Bellary Road, Hebbal, Bengaluru, Karnataka – 560024 (Shareholding on fully diluted basis)	U85199KA2000PTC027913	Associate	38.2%	Section 2(6)

*Representing aggregate % of the and/or by 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	2,08,94,662	-	2,08,94,662	24.04	2,11,94,832	-	2,11,94,832	24.11	0.07
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	2,08,94,662	-	2,08,94,662	24.04	2,11,94,832	-	2,11,94,832	24.11	0.07
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)	2,08,94,662	-	2,08,94,662	24.04	2,11,94,832	-	2,11,94,832	24.11	0.07

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	
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds	1,02,40,627	-	1,02,40,627	11.78	1,24,25,093	-	1,24,25,093	14.13	2.35
(b)	Banks/Financial Institutions	8,064	-	8,064	0.01	3,868	-	3,868	0.00	0.01
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	Foreign Institutional Investors	3,09,14,622	-	3,09,14,622	35.57	2,90,86,569	-	2,90,86,569	33.08	(2.49)
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Others (Specify)	-	-	-	-	-	-	-	-	-
	Alternate Investment Funds	11,66,667	-	11,66,667	1.34	13,11,667	-	13,11,667	1.49	0.15
	Sub-Total (B)(1)	4,23,29,980	-	4,23,29,980	48.70	4,28,27,197	-	4,28,27,197	48.71	0.01
2	Non-institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(i)	Indian	30,00,155	-	30,00,155	3.45	28,95,547	-	28,95,547	3.29	(0.16)
(ii)	Overseas	83,20,805	-	83,20,805	9.57	83,20,805	-	83,20,805	9.46	(0.11)
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to ₹1 Lakh.	20,64,097	2,47,603	23,11,700	2.66	20,19,301	1,63,301	21,82,602	2.48	(0.18)
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 Lakh.	48,13,701	11,60,823	59,74,524	6.87	58,36,069	6,36,983	64,73,052	7.36	0.49
(d)	Others (Specify)									
(i)	Trusts	23,06,917	-	23,06,917	2.65	23,06,917	-	23,06,917	2.62	(0.03)
(ii)	Non-Resident Indians	3,65,107	4,35,795	8,00,902	0.92	2,89,078	1,96,045	4,85,123	0.55	(0.37)
(iii)	NRI Non-Repatriation	9,23,257	-	9,23,257	1.06	11,66,135	-	11,66,135	1.33	0.26
(iv)	Clearing Members	9,916	-	9,916	0.01	66,823	-	66,823	0.08	0.07
(v)	NBFCs Registered with RBI	31,655	-	31,655	0.04	-	-	-	-	(0.04)
	Sub-Total (B)(2)	2,18,35,610	18,44,221	2,36,79,831	27.25	2,29,00,675	9,96,329	2,38,97,004	27.18	(0.06)
	Total Public Shareholding (B)= (B)(1)+(B)(2)	6,41,65,590	18,44,221	6,60,09,811	75.95	6,57,27,872	9,96,329	6,67,24,201	75.89	(0.04)
(C)	Shares held by Custodians for GDR and ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	8,50,60,252	18,44,221	8,69,04,473	100.00	8,69,22,704	9,96,329	8,79,19,033	100	

(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	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Dr. B.S. Ajaikumar	1,76,42,739	20.30	-	1,76,73,346	20.10	-	(0.20)
2	Dr. Ganesh Nayak	2,87,307	0.33	-	2,80,307	0.32	-	(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	0.47	-	4,05,059	0.46	-	(0.01)
5	Dr. M. Gopichand	8,66,760	1.00	-	18,01,260	2.05	-	1.05
6	Dr. B. Amar Kumar #	6,57,657	0.76	-	0	0	-	(0.76)
7	Bhagya A. Ajaikumar	1,795	0.00	-	1,795	0.00	-	-
8	Aagnika Ajaikumar	3,27,258	0.38	-	3,27,258	0.37	-	0.00
9	Asmitha Ajaikumar	3,27,259	0.38	-	3,27,259	0.37	-	0.00
10	Prakash Nayak	57,937	0.07	-	57,937	0.07	-	0.00
11	Pradeep Nayak	30,000	0.03	-	30,000	0.03	-	0.00
12	Dr. Venkatesh Sudha	22,582	0.03	-	22,582	0.03	-	0.00
13	Adarsh Ramesh	2,486	0.00	-	2,486	0.00	-	0.00
14	Dr. Srinivas K. Gopinath	2,187	0.00	-	2,187	0.00	-	0.00
15	Leela Rajanna	1,280	0.00	-	0	0.00	-	-
16	Anjali Ajaikumar Rossi @	0	0.00	-	1,000	0.00	-	0.00
	Total	2,08,94,662	24.04	-	2,11,94,832	24.11	-	0.07

* In the above table, the shareholding of Promoter Group to the extent of 7,72,504 shares (14,30,441 shares during the previous year) is shown as shareholding of Promoters.

Dr. B. Amarkumar has ceased to be a member of Promoter Group during the year. The Company has obtained requisite approvals from the shareholders and the Stock Exchanges in this regard.

@ As a member of Promoter Group, has acquired 1,000 shares during the year in the open market. Accordingly, she has been added as a member of the promoter group, holding shares in the Company.

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

Sl. No	Date of Acquisition/ (Transfer)	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. B. S. Ajaikumar	At the beginning of the year	1,76,42,739	20.3		
		Acquired during the year through market purchase			30,607	0.04
		At the end of the year			1,76,73,346	20.10
2	Dr. Ganesh Nayak	At the beginning of the year	2,87,307	0.33		
		At the end of the year (no change)			2,80,307	0.32
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	0.47		
		At the end of the year (no change)			4,05,059	0.46
5	Dr. M. Gopichand	At the beginning of the year	8,66,760	1.00		
		Acquired during the year through preferential allotment			9,34,500	1.06
		At the end of the year			18,01,260	2.05

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	9.57		
	No change during the year	-	-	-	-
	At the end of the year			83,20,805	9.46
2	Franklin India Smaller Companies Fund				
	At the beginning of the year	37,89,094	4.36		
	Sale on 25.05.2018	7,67,197	0.88	30,21,897	3.48
	Sale on 01.06.2018	42,000	0.05	29,79,897	3.43
	At the end of the year			29,79,897	3.43
3	BUENA VISTA ASIAN OPPORTUNITIES MASTER FUND LTD				
	At the beginning of the year	33,59,168	3.92		
	Purchase on 27.07.2018	3,74,613	0.33	37,33,781	4.25
	Purchase on 03.08.2018	3,00,000	0.34	40,33,781	4.59
	Purchase on 17.08.2018	4,17,387	0.48	44,51,168	5.07
	Purchase on 14.12.2018	8,00,000	0.91	52,51,168	5.98
	At the end of the year			52,51,168	5.97
4	Sundaram Mutual Fund A/C				
	At the beginning of the year	45,51,524	5.24		
	Sale on 13.04.2018	50,871	0.24	45,00,653	5.18
	Sale on 18.05.2018	3,400	0.01	44,97,253	5.17
	Sale on 03.08.2018	3,51,437	0.45	41,45,816	4.72
	Sale on 10.08.2018	6,128	0.01	41,39,688	4.71
	Sale on 17.08.2018	4,26,291	0.48	37,13,397	4.23
	Sale on 31.08.2018	13,144	0.02	37,00,253	4.21
	Purchase on 12.10.2018	1,591	0.00	37,01,844	4.21
	Purchase on 19.10.2018	1,500	0.01	37,03,344	4.22
	Purchase on 26.10.2018	5,374	0.00	37,08,718	4.22
	Purchase on 02.11.2018	1,535	0.00	37,10,253	4.22
	Sale on 16.11.2018	1,848	0.00	37,08,405	4.22
	Purchase on 07.12.2018	2,36,830	0.27	39,45,235	4.49
	Purchase on 14.12.2018	1,12,462	0.13	40,57,697	4.62
	Purchase on 21.12.2018	6,98,860	0.79	47,56,557	5.41
	Purchase on 28.12.2018	19,00,000	2.17	66,56,557	7.58
	At the end of the year			66,56,557	7.57

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
5	International Finance Corporation				
	At the beginning of the year	43,58,705	5.02		
	No change during the year	-	-	-	-
	At the end of the year			43,58,705	4.96
6	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	25,73,686	2.96		
	Sale on 06.04.2018	19,763	0.02	25,53,923	2.94
	Sale on 13.04.2018	3,592	0.01	25,50,331	2.93
	Sale on 27.04.2018	53,201	0	24,97,130	2.87
	Sale on 04.05.2018	47,510	0.05	24,49,620	2.82
	Sale on 11.05.2018	25,788	0.03	24,23,832	2.79
	Sale on 18.05.2018	15,478	0.02	24,08,354	2.77
	Sale on 01.06.2018	16,310	0.02	23,92,044	2.75
	Sale on 15.06.2018	15,421	0.02	23,76,623	2.73
	Sale on 29.06.2018	1,77,684	0.23	21,98,939	2.5
	Sale on 20.07.2018	5,348	0	21,93,591	2.5
	Purchase on 27.07.2018	16,669	0.02	22,10,260	2.52
	Purchase on 17.08.2018	14,352	0.01	22,24,612	2.53
	Sale on 31.08.2018	5,159	0	22,19,453	2.53
	Sale on 28.09.2018	2,013	0.01	22,17,440	2.52
	Purchase on 05.10.2018	5,381	0.01	22,22,821	2.53
	Sale on 26.10.2018	32,457	0.04	21,90,364	2.49
	Sale on 02.11.2018	34,825	0.04	21,55,539	2.45
	Sale on 16.11.2018	8,789	0.01	21,46,750	2.44
	Purchase on 23.11.2018	2,348	0.01	21,49,098	2.45
	Purchase on 30.11.2018	22	0	21,49,120	2.45
	Purchase on 07.12.2018	61,682	0.07	22,10,802	2.52
	Purchase on 28.12.2018	2,28,000	0.26	24,38,802	2.78
	Purchase on 01.02.2019	7,885	0	24,46,687	2.78
	Purchase on 15.02.2019	2,505	0.01	24,49,192	2.79
	Sale on 22.02.2019	3,433	0.01	24,45,759	2.78
	Purchase on 01.03.2019	1,494	0.01	24,47,253	2.78
	Purchase on 29.03.2019	75,000	0.09	25,22,253	2.87
	At the end of the year			25,22,253	2.87
7	FIRST STATE INDIAN SUBCONTINENT FUND				
	At the beginning of the year	30,80,890	3.54		
	Purchase on 24.08.2018	2,947	0	30,83,837	3.51
	Purchase on 31.08.2018	43,146	0.5	31,26,983	3.56
	At the end of the year			31,26,983	3.56

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
8	THE PABRAI INVESTMENT FUND II, LP				
	At the beginning of the year	25,83,831	2.97		
	Purchase on 01.06.2018	14,400	0.02	25,98,231	2.99
	Sale on 30.11.2018	4,36,896	0.53	21,61,335	2.46
	Sale on 07.12.2018	12,38,335	1.41	9,23,000	1.05
	Sale on 28.12.2018	9,23,000	1.05	0	0
	At the end of the year			0	0
9	THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC				
	At the beginning of the year	24,68,892	2.84		
	At the end of the year			24,68,892	2.81
10	NN (L) GLOBAL EQUITY IMPACT OPPORTUNITIES				
	At the beginning of the year	16,72,667	1.92		
	Purchase on 06.04.2018	6,044	0.01	16,78,711	1.93
	Purchase on 13.04.2018	36,519	0.04	17,15,230	1.97
	Purchase on 27.04.2018	221	0	17,15,451	1.97
	Purchase on 18.05.2018	14,357	0.02	17,29,808	1.99
	Purchase on 25.05.2018	294	0	17,30,102	1.99
	Purchase on 01.06.2018	19,898	0.02	17,50,000	2.01
	Purchase on 15.06.2018	12,374	0.02	17,62,374	2.03
	Purchase on 22.06.2018	45,955	0.03	18,08,329	2.06
	Purchase on 29.06.2018	4,22,505	0.48	22,30,834	2.54
	Purchase on 06.07.2018	19,166	0.02	22,50,000	2.56
	Purchase on 03.08.2018	3,890	0.01	22,53,890	2.57
	Purchase on 10.08.2018	46,110	0.05	23,00,000	2.62
	Purchase on 31.08.2018	60,089	0.07	23,60,089	2.69
	Purchase on 07.09.2018	16,817	0.02	23,76,906	2.71
	Purchase on 14.09.2018	23,094	0.02	24,00,000	2.73
	Purchase on 05.10.2018	89,534	0.1	24,89,534	2.83
	Purchase on 12.10.2018	15,790	0.02	25,05,324	2.85
	Purchase on 19.10.2018	1,155	0	25,06,479	2.85
	Purchase on 26.10.2018	1,26,164	0.15	26,32,643	3.00
	Purchase on 02.11.2018	26,752	0.03	26,59,395	3.03
	Purchase on 09.11.2018	6,904	0	26,66,299	3.03
	Purchase on 16.11.2018	10,190	0.02	26,76,489	3.05
	Purchase on 23.11.2018	7,862	0.01	26,84,351	3.06
	Purchase on 30.11.2018	2,15,649	0.24	29,00,000	3.30
	Purchase on 18.01.2019	1,00,000	0.11	30,00,000	3.41
	At the end of the year			30,00,000	3.41

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Date of Acquisition/ (Transfer)	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. B.S Ajaikumar - Director	At the beginning of the year	1,76,42,739	20.30		
		At the end of the year			1,76,73,346	20.10
2	Gangadhara Ganapati - Director	At the beginning of the year	23,06,170	2.65		
		At the end of the year			17,16,170	1.94
3	Sunu Manuel - KMP	At the beginning of the year	17,550	0.02		
		At the end of the year			27,550	0.03
4	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
5	S. T. Ramesh – Director	At the beginning of the year	455	0		
		At the end of the year			455	0

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

Particulars	Amount in ₹			
	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,65,58,07,416	97,90,51,360	-	2,63,48,58,776
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6,70,87,028	5,44,17,261	-	12,15,04,288
Total (i+ii+iii)	1,72,28,94,444	1,03,34,68,621	-	2,75,63,63,064
Change in Indebtedness during the financial year				
* Addition	2,52,42,31,103	59,30,71,059	-	3,11,73,02,162
* Reduction	1,33,46,34,805	18,20,31,453	-	1,51,66,66,258
Net Change				
Indebtedness at the end 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

VI. Remuneration of Directors and Key Managerial Personnel

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

Amount in ₹

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Dr. B. S. Ajaikumar Chairman & CEO	Dr. B. S. Ramesh Executive Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,80,70,537*	72,76,885	3,53,47,422
	(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			
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	2,80,70,537	72,76,885	3,53,47,422
	Ceiling as per the Act			^2,45,41,579

* Remuneration of Dr. B. S. Ajaikumar is including variable pay.

^ 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

Amount in ₹

Sl. No	Particulars of Remuneration	Names of Directors					Total Amount
		Independent Directors	Dr. Sudhakar Rao	Shanker Annaswamy	Suresh C. Senapaty	Dr. Sampath T. Ramesh	
	Fee for attending board/ committee meeting *		7,25,000	9,75,000	10,25,000	7,75,000	3,00,000
	Commission		Nil	Nil	Nil	Nil	Nil
	Others, please specify		Nil	Nil	Nil	Nil	Nil
	Total (1)		7,25,000	9,75,000	10,25,000	7,75,000	3,00,000
	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			38,00,000
	Total Managerial Remuneration						3,53,47,422
	Overall Ceiling as per the Act						^2,45,41,579

* Excluding tax (GST)

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

Amount in ₹

Sl. No	Particulars of Remuneration	Key Managerial Personnel				Total
		#CEO	CSA [^]	CFO Yogesh Patel*	CFO Srinivasa V Raghavan*	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	36,78,189	55,69,086	64,45,205	1,56,92,480
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 [^]	-	16,53,750	7,49,625	Nil	24,03,375
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	Nil	Nil	Nil	Nil
2	Stock Option	-	Nil	Nil	Nil	Nil
3	Sweat Equity	-	Nil	Nil	Nil	Nil
4	Commission	-	Nil	Nil	Nil	Nil
	- as % of profit	-	Nil	Nil	Nil	Nil
	- others, specify...	-	Nil	Nil	Nil	Nil
5	Others, please specify	-	Nil	Nil	Nil	Nil
	Total (A)	-	53,31,939	63,18,711	64,45,205	1,80,95,855

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.

* During the year under report, Mr. Yogesh Patel has resigned as CFO, effective from August 12, 2018. Hence the remuneration details of Mr Yogesh Patel pertains to the period from April 01, 2018 to August 11, 2018. Mr. Srinivasa V. Raghavan has joined as CFO the Company w.e.f July 27, 2018. The details of remuneration disclosed above pertains to the period from July 27, 2018 till March 31, 2019.

[^] Perquisite value on account of exercise of ESOPs during FY 2018-19.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

For and on behalf of the Board of Directors

Dr. B. S. Ajaikumar

Chairman & CEO

Date: May 23, 2019

Place: Bengaluru

ANNEXURE 2

Form No. MR-3 SECRETARIAL AUDIT REPORT

For The Financial Year Ended: March 31, 2019

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

To,
The Members,
Healthcare Global Enterprises Limited,

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, 2019 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There were no 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 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; (Not Applicable to the Company during the Audit Period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f

September 11, 2018; (Not Applicable to the Company during the Audit Period); and

- 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 Rules, 2016 ("BMW Rules")
- (w) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")
- (x) Batteries (Management and Handling) Rules, 2001 ("Batteries Rules")
- (y) E-waste (Management) Rules, 2016 ("E-waste Rules")
- (z) Poisons Act, 1919 and the Karnataka Poison Rules, 1966
- (aa) Static and Mobile 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 observations:

- 1. The Company provided the required data and information including the cost statements to the Cost Auditor only around the end of specified time limit (i.e. within 180 days from the closure of the financial year) as required under Rule 6 (5) of the Companies (Cost Records And Audit) Rules, 2014. Hence, the Cost Auditor could not provide his Cost Audit Report within the aforesaid period.**
- 2. The company had not disclosed the names of the top ten employees of the company in the Annual Report of the financial year 2017-18 in terms of remuneration drawn as required under Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

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

(V. Sreedharan)

Place: Bengaluru

Partner

Date: May 20, 2019

FCS: 2347; C.P. No: 833

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. There will be no lock-in period in respect of the Shares, which may be issued/ allotted on Exercise of the Options Granted pursuant to this Scheme.

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

Particulars	ESOP 2010	ESOP 2014	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

(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: 01 April 2017 (ESOP 2014)			
	Vest 1 1 Apr 2018	Vest 2 1 Apr 2019	Vest 3 1 Apr 2020	Vest 4 1 Apr 2021
Variables	10%	20%	30%	40%
Risk free interest rate	6.46%	6.57%	6.76%	6.86%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	27.46%	28.94%	30.36%	29.83%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 11 August 2017 (ESOP 2014)			
	Vest 1 11 Aug 2018	Vest 2 11 Aug 2019	Vest 3 11 Aug 2020	Vest 4 11 Aug 2021
Variables	10%	20%	30%	40%
Risk free interest rate	6.35%	6.38%	6.43%	6.50%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.74%	27.98%	28.28%	29.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Grant Date: 06 November 2017 (ESOP 2014)				
Assumptions	Vest 1 06 Nov 2018	Vest 2 06 Nov 2019	Vest 3 06 Nov 2020	Vest 4 06 Nov 2021
Variables	10%	20%	30%	40%
Risk free interest rate	6.30%	6.48%	6.64%	6.78%
Expected life (years)	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.04%	27.42%	27.47%	29.42%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Grant Date: 22 May 2018 (ESOP 2014)				
Assumptions	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%

Grant Date: 09 November 2018 (ESOP 2014)				
Assumptions	Vest 1 09 Nov 2019	Vest 2 09 Nov 2020	Vest 3 09 Nov 2021	Vest 4 09 Nov 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%

Grant Date: 07 February 2019 (ESOP 2014)				
Assumptions	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%

The Company has used Black Scholes Option Pricing model for valuation of options.

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

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOP 2010	10,127	10.00	10,127	10.00
- ESOP 2014	4,71,670	20.17	22,020	10.00
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	1,27,000	10.00	2,14,000	32.90
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	2,300	10.00	-	-
- ESOP 2014	77,760	10.00	24,820	10.00
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end 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
Options exercisable at the end of the year:				
- ESOP 2010	7,827	10.00	10,127	10.00
- ESOP 2014	64,530	31.64	37,770	18.00

* Options available for grant under ESOP 2014 Scheme are 2,334,306 (previous year 2,461,306).

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 is ₹228.49 (previous year ₹318.65).

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 8.10 years (Previous year 7.54 years).

d) For details of expense recognised in statement of profit and loss please refer note 25 and for details of movement in share options outstanding account refer note 15.2 of Financial statements.

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

Amount in ₹			
Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17	Year ended 31-Mar-16
0.82	2.89	2.38	(0.39)

- f) Variation in terms of options

Year ended 31-Mar-19	Year ended 31-Mar-18	Year ended 31-Mar-17
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	<p>For Financial Year 2019: The total accounting charge taken on account of ESOP 2010 and 2014 is ₹30,559,323.</p> <p>For Financial Year 2018: The total accounting charge taken on account of ESOP 2010 and 2014 is ₹2,70,93,288.</p> <p>For Financial Year 2017: The total accounting charge taken on account of ESOP 2010 and 2014 is ₹94,50,182.</p>									
i)	Money realized by exercise of options (INR), if scheme is implemented directly by the Company	<p>2018-19: ₹8,00,600</p> <p>2017-18: ₹2,48,200</p> <p>2016-17: ₹6,92,95,000</p>									
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:										
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Employee Name</th> <th style="width: 30%;">Designation</th> <th style="width: 40%;">No. of Employee Stock Options Granted</th> </tr> </thead> <tbody> <tr> <td>Ananth S. Kittur</td> <td>Director – Projects</td> <td style="text-align: center;">10,000</td> </tr> <tr> <td>Arun Goyal</td> <td>President – Triesta & CIO</td> <td style="text-align: center;">20,000</td> </tr> </tbody> </table>	Employee Name	Designation	No. of Employee Stock Options Granted	Ananth S. Kittur	Director – Projects	10,000	Arun Goyal	President – Triesta & CIO	20,000
Employee Name	Designation	No. of Employee Stock Options Granted									
Ananth S. Kittur	Director – Projects	10,000									
Arun Goyal	President – Triesta & CIO	20,000									

	Employee Name	Designation	No. of Employee Stock Options Granted
	V Srinivasa Raghavan	Chief Financial Officer	25,000
a) Other than Senior Management Personnel:	72,000 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 2018-19

Name of the Director	Designation	Remuneration for FY 2017-18 (₹ in Mn.)	Remuneration for FY 2018-19 (₹ in Mn.)	% increase in Remuneration	Median Remuneration of employees (₹ in Mn.)	Ratio Remuneration of employees
Dr. B. S. Ajaikumar	Chairman & CEO	25.45	28.07 ^	11.87%	0.20	138.91:1
Dr. B. S. Ramesh	Executive Director	Nil	7.28	Not applicable	0.20	36.38:1
Dr. Sudhakar Rao	Independent Director	0.85	0.725	Nil #	NA	NA
Shanker Annaswamy	Independent Director	1.5	0.975	Nil #	NA	NA
Suresh C. Senapaty	Independent Director	1.5	1.025	Nil #	NA	NA
Dr. Sampath T. Ramesh	Independent Director	0.85	0.775	Nil #	NA	NA
Bhushani Kumar	Independent Director	0.60	0.30	Nil #	NA	NA

^ Remuneration of Dr. B. S. Ajaikumar is including variable pay.

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

! Remuneration of Dr. B. S. Ramesh, Executive Director, is for the period from May 22, 2018 to March 31, 2019.

There is no increase in the sitting fees paid to independent Directors for attending the Board and Committee meetings. However, the changes in sitting fees during FY 2018-19 vis a vis FY 2017-18 are on account of number of meetings held and attended by them.

@ Gangadhara Ganapati and Dr. Amit Varma, Non-Executive and Non-Independent Directors do not draw any remuneration/fees from the Company.

(b) The percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2018-19

Name of KMP	Designation	Remuneration for FY 2017-18 (₹ in Mn.)	Remuneration for FY 2018-19 (₹ in Mn.)	% increase in Remuneration
@ Mr. Yogesh Patel	Chief Financial Officer	10.51	5.57 !	NA
@ Mr. Srinivasa V. Raghavan	Chief Financial Officer	Nil	6.44	NA
# Ms. Sunu Manuel	Company Secretary	3.57	3.68 ^	NIL

@ During the year under report, Mr. Yogesh Patel has resigned as CFO, effective from August 12, 2018. Hence the remuneration of Mr Yogesh Patel disclosed above pertains to the period from April 01, 2018 to August 11, 2018. Mr. Srinivasa V. Raghavan has joined as CFO the Company w.e.f July 27, 2018. The details of remuneration disclosed above pertain to the period from July 27, 2018 till March 31, 2019.

With respect to remuneration of the Company Secretary, there has been no increase in remuneration for FY 2018-19. However, the difference in remuneration drawn for the year 2017-18 and 2018-19 was on account of an increment provided for FY 2017-18, where the increased remuneration was reflective only for a part of the financial year 2017-018, whereas the remuneration for FY 2018-19, the same is captured for the full year.

! Perquisite value amounting to Rs. 7,49,625 accrued on the exercise of ESOP vested and exercised is not included in the remuneration for FY 2018-19.

^ Perquisite value amounting to Rs. 16,53,750 accrued on the exercise of ESOP vested and exercised is not included in the remuneration for FY 2018-19.

- (c) The percentage increase in the median remuneration of employees during the financial year 2018-19 is 6.75%;
- (d) The number of permanent employees on the rolls of Company as of March 31, 2019 was 3430;
- (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 2018-19
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	5.50%
(B) Percentile increase in the managerial remuneration	11.87%
Comparison of (A) and (B)	Percentile increase of B is greater than that of A
Justification	The difference in the percentile increase in A and B is due to the change in the performance appraisal process undertaken in the organisation during this financial year. In the past the organisation followed 2 cycles where employees were divided between the 2 appraisal cycles. We have now moved all employees to one appraisal cycle. The above percentage of 5.5% is reflective of only some of the employees.
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 (Amount in ₹)	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	07/03/2000 @	67	40	2,80,70,537 *	1,76,73,346 & 20.10%	None
2	Yogesh Patel	Chief Financial Officer	Chartered Accountant	Ernst & Young	06/10/2016	45	21	55,69,086 # ^	2,500 & 0.00%	None
3	Srinivasa Raghavan V	Chief Financial Officer	Chartered Accountant and Cost Accountant	CSC Technologies India Private Limited	27/07/2018	54	30	64,45,205 #	Nil	None
4	Dr. Rani Akhil Bhat	Consultant- Gynaecological Oncology	MBBS, MS (OBG), MRCOG, Fellowship (Gynaecological Oncology)	BGS Global Hospitals	01/08/2017	45	23	69,33,400 ^	3,200 & 0.00%	None
5	Dr. Naveen Nagar	Vice President-Medical Services	MBBS, DLO, MHA	Nepean Hospital	01/04/2013	48	22	67,88,966 ^	27,794 & 0.03%	None
6	Dr Ramesh S Bilimappa	Executive Director	MBBS, DRM, MD, DMRD, PGDML, FICS	M S Ramaiah Medical College	22/05/2018	68	34	72,76,885	2,62,356 & 0.30%	None
7	S B Pathmanaban	Regional Director	MSc(Applied Psychology)	SRM Institute for Medical Science	05/05/2016	49	27	72,31,605 ^	4,610 & 0.01%	None
8	V Jayachandran	Consultant-Project Management	BA, Dip. Civil Engineering	Facilities and Building Solutions	20/06/2007	40	18	75,51,030	14,500 & 0.02%	None
9	Dr Bharat Gadhavi	Regional Director	MBBS, MS (Gen. Surgery)	Sterling Hospital	15/01/2008	55	26	58,51,662	44,535 & 0.05%	None
10	Ananth S. Kittur	Director-Projects	Chartered Accountant	Wipro GE Healthcare	16/05/2015	46	22	1,04,42,173	68,200 & 0.08%	None
11	Dinesh Madhavan	Director-HealthCare Services	B. Com, MBA, LLB	Wockhardt Hospitals Limited	14/09/2009	46	24	1,43,12,885	79,914 & 0.09%	None

* Remuneration of Dr. B. S. Ajaikumar is including variable pay.

@ 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.

During the year under report, Mr. Yogesh Patel has resigned as CFO, effective from August 12, 2018. Hence the remuneration details of Mr. Yogesh Patel pertain to the period from April 01, 2018 to August 11, 2018. Mr. Srinivasa V. Raghavan has joined as CFO the Company w.e.f July 27, 2018. The details of remuneration disclosed above pertain to the period from July 27, 2019 till March 31, 2019.

^ Perquisite values accrued on the exercise of ESOP vested and exercised are not included in the remuneration for FY 2018-19 in the above disclosure.

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	31-03-2019	INR	100%	0.94	378.60	527.91	143.37	-	643.61	(22.18)	(4.57)	(7.61)
HCG Medi-Surge Hospitals Private Limited	31-03-2019	INR	74.00%	55.69	192.55	951.08	702.84	-	1,114.32	53.29	16.19	37.10
Mainad Hospital & Institute of Oncology Private Limited	31-03-2019	INR	70.25%	9.50	9.07	45.06	26.49	-	58.90	10.33	2.49	7.84
Niruja Product Development and Healthcare Research Private Limited	31-03-2019	INR	100%	0.50	(46.76)	224.63	270.89	224.15	0.00	(27.42)	0.00	(27.42)
HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	31-03-2019	INR	100%	9.30	(38.75)	1.04	30.49	-	0.00	(0.08)	0.00	(0.08)
HealthCare Diwan Chand Imaging LLP	31-03-2019	INR	75.00%	32.72	(8.20)	3216	7.64	-	4.90	1.01	0.31	0.70
HCG Oncology LLP	31-03-2019	INR	74.00%	113.43	(10.19)	559.72	556.48	-	427.79	(38.63)	(0.03)	(38.60)
HCG (Mauritius) Pvt Ltd	31-03-2019	USD	100.00%	248.43	11.67	261.39	1.29	261.00	-	(0.54)	-	(0.00)
APEX HCG Oncology Hospitals LLP	31-03-2019	INR	100.00%	740.47	0.17	3.77	0.02	3.77	-	(0.00)	-	(0.00)
HCG NCHRI Oncology LLP	31-03-2019	INR	76.00%	286.88	(136.81)	1,109.84	506.18	-	270.23	(89.28)	(52.17)	(37.11)
HCG Manavata Oncology LLP	31-03-2019	INR	51.00%	537.02	(134.75)	597.00	444.87	-	154.05	(20.86)	(24.55)	(9.63)
HCG EKO Oncology LLP	31-03-2019	INR	50.50%	144.00	6.81	1,390.49	702.24	-	788.63	56.73	19.99	36.74
HCG SUN Hospitals LLP	31-03-2019	INR	74.00%	141.98	(46.66)	483.92	333.11	-	13.98	(1.93)	(0.60)	(1.33)
As on 31.03.2019: 1 US\$ =						371.47	276.15	-	83.53	(66.74)	(20.98)	(45.76)
₹69.322												

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 2018	07 February 2018	9,225,684 equity shares and 10,193 compulsorily convertible preference shares	245.33	38.20%	More than 20% shareholding	Joint control	147.33	(74.71)	(143.90)
2	HealthCare Global (Africa) Private Limited *	31-Mar-19	Jul-17	160,659 ordinary shares and 115,820 preferred A shares	261.00	76.73%	More than 20% shareholding	No control	303.99	(8.83)	(2.61)
3	HealthCare Global (Uganda) Private Limited #	31-Mar-19	Jul-17	72,500 ordinary shares	3.02	76.73%	More than 20% shareholding	No control	1.31	(0.26)	(0.08)
4	HealthCare Global (Kenya) Private Limited #	31-Mar-19	Jul-17	553,554 ordinary shares	384.31	76.73%	More than 20% shareholding	No control	(47.09)	(25.09)	(7.96)
5	HealthCare Global (Tanzania) Private Limited #	31-Mar-19	Jul-17	18,000 ordinary shares	0.08	76.73%	More than 20% shareholding	No control	(0.10)	(0.47)	(0.14)
6	Cancer Care Kenya Limited @	31-Mar-19	Jul-17	4,768,547 ordinary shares	318.32	59.47%	More than 20% shareholding	No control	127.39	(0.92)	(0.63)

* 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.

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

Dr. B.S. Ajai Kumar
Chairman and CEO
DIN: 00713779

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : 23 May 2019

Place : Bengaluru
Date : 23 May 2019

ANNEXURE 6

FORM 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			11.46				
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director			93.50				
Sada Sarada Tumor & Research Institute	Company with Common Director			46.79				
HCG Oncology LLP	LLP/ Subsidiary	Sale of goods	Ongoing arrangements	31.12				
HCG NCHRI Oncology LLP	LLP/Subsidiary			28.90				
Apex HCG Oncology Hospitals LLP	LLP/Subsidiary			18.97				
HCG EKO Oncology LLP	LLP/Subsidiary			2.07				
HCG SUN Hospitals LLP	LLP/Subsidiary			8.64		Not applicable	NIL	
JSS Bharath Charitable Trust	Trust/Director of the Company is a trustee					12.22		
HCG Foundation	Trust/Director of the Company is a trustee					4.58		
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director	Providing of services	Ongoing arrangements	9.99				
BACC Healthcare Private Limited	Subsidiary Company/ Common Director			0.02				
Sada Sarada Tumor & Research Institute	Company with common Director			6.16				
Sada Sarada Tumor & Research Institute	Company with common Director	Rent expenses	Ongoing arrangements	0.60				
Strand Life Sciences Private Limited	Company with common Director/ Associate	Lab charges	Ongoing arrangements	210.34				

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
HealthCare DiwanChand Imaging LLP	LLP/Director is a partner	Revenue Share expenses	Ongoing arrangements	4.90		
HCG Medi-surge Hospitals Private Limited	Subsidiary Company/ Common Director			15.15		
HCG Oncology LLP	LLP/Subsidiary			7.69		
HCG NCHRI Oncology LLP	LLP/Subsidiary			1.22		
HCG Manavata Oncology LLP	LLP/Subsidiary	Corporate Guarantee Commission Income	Ongoing arrangements	0.97		
BACC Healthcare Private Limited	Subsidiary Company/ Common Director			0.29		
Apex HCG Oncology Hospitals LLP	LLP/Subsidiary			1.89	Not applicable	NIL
HCG EKO Oncology LLP	LLP/Subsidiary			1.50		
HCG SUN Hospitals LLP	LLP/Subsidiary			2.43		
Dr. B.S. Ajaikumar	Director		**4 years as Chairman & CEO, effective from July 01, 2015	28.07		
Ms. Anjali Ajaikumar	Relative of a Director	Remuneration	None. Employment Contract	5.02		
Dr. B.S.Ramesh	Director		2 years as Executive Director effective from May 22, 2018	7.28		

* 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.

** Dr. B.S.Ajaikumar, subject to the approval of the shareholders of the Company has been reappointed as Whole-time Director & CEO for a period of 4 years effective from July 01, 2019.

By order of the Board of Directors

For HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar
Chairman and CEO

Dr. Ramesh B.S.
Director

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : 23 May 2019

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 the CSR Activities, 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:

As on March 31, 2019, The composition of the CSR Committee is as under:

- a) Dr. Sudhakar Rao – Chairman;
- b) Dr. B.S. Ajaikumar – Member;
- c) Mr. Sampath Thattai Ramesh – Member; and
- d) Mrs. Bhushani Kumar – Member

3. Average net profit of the company for last three financial years: ₹22,06,85,430.

4. Prescribed CSR Expenditure (two per cent of the amount mentioned in item 3 above): ₹44,13,709.

5. Details of CSR spent during the financial year:

- a) Amount unspent: Out of CSR Expenditure of ₹14,48,324 prescribed for FY 2017-18, the Company has spent ₹12,70,000 during FY 2018-19. The Amount unspent with respect to FY 2017-18 is ₹1,78,324
- b) Total amount to be spent for the financial year: The total amount to be spent for the financial year is upto ₹45,92,033. This includes ₹44,13,709 as provided in item 4 above, with respect to FY 2018-19 and ₹1,78,324, being the amount yet to be spent.

- c) Manner in which the amount is spent during the financial year is detailed below. During the year, the Board of Directors of the Company, at the recommendation of the Corporate Social Responsibility Committee, have agreed to support certain projects/activities of International Human Development and Upliftment Academy (“IHDUA” or “the Trust”), a trust based in Mysore, which includes providing support for rural school programme, vocational training to provide partial/full-time employment and health education to rural community. The details of the same are as under:

(Amount in ₹)

Sl. No.	CSR project or activities identified	Sector in which the project is covered	Projects or Programs 1) Local area or other, 2) specify the state and district where the project or programmes are undertaken	Amount Outlay (Budget) Project or Program Wise	Amount spent on the Projects or Programs	Amount spent on projects or programmes Sub-heads: (Direct Expenditure on projects or programmes)	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Education, including vocational training for underprivileged in proximate communities	Education and employment enhancing vocational skills	IHDUA, Mysore, Karnataka.	12,70,000	12,70,000	12,70,000	12,70,000	Direct

6. CSR Committee Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with our CSR objectives.

Place: Bengaluru
Date: 23 May 2019

Dr. Sudhakar Rao
Chairman – CSR Committee

Dr. B.S. Ajaikumar
Chairman & CEO

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 the 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 the 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 which 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 scanning 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 on 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 in 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 technology 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 minimally 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 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 Private Limited, 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, 2019 vis-à-vis during the year ended March 31, 2018 is as under:

Particulars	For the year ended (₹)	
	March 31, 2019	March 31, 2018
Expenditure in Foreign Exchange		
Interest	-	14,92,871
Travel expenses	2,00,16,037	1,01,00,620
Repairs and maintenance :Machinery	7,92,949	-
Professional charges	2,86,04,467	2,19,98,301
Business promotion expenses	13,60,807	80,62,107
Rent	8,25,739	18,73,533
Others	28,68,61,117	-
Total	33,84,61,116	4,35,27,432
Imports		
Capital Goods	13,47,95,388	32,32,43,296
Hospital Consumables	2,95,94,422	65,20,552
Earnings in foreign exchange		
Medical service income	38,04,10,014	34,59,35,979

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, background and perspectives. This mix of skills, knowledge and experience enriches the Board discussion and contributes towards a high performing and effective Board.

Our Board has 5 (five) Independent Non-Executive Directors, 2 (two) Non-Executive Non-Independent Directors and 2 (two) Executive Directors/Whole-time Directors. One of the Executive Directors, Dr. B. S. Ajaikumar is the Chairman of our Board. All 5 Independent Directors are free from any business 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.

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 for their approval. In addition, specific cases of acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the concerned Committees of the Board and later with the recommendation of the respective Committee to the Board 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 documents with the agenda, it is tabled before the meeting with specific reference to this effect in 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 focuses 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 on specific agenda items of the meetings to ensure effective interaction with the Board.

Our Board meetings are normally scheduled for a day. The Board met five times during the financial year 2018-19 viz., on May 22, 2018, July 12, 2018, August 09, 2018, November 09, 2018 and February 07, 2019. 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, 2019 is provided in the below table:

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

There was no change in composition of the Board during the year.

D. Lead Independent Director

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

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>

E. Appointment of Directors

In terms of Section 149 of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms of maximum of five years each and shall not be liable to retire by rotation at the Annual General Meeting. The Board of Directors of the Company has 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/

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/investors>. We affirm that the remuneration

paid to Directors is as per the terms laid out in the nomination and remuneration policy of the Company.

Nomination and Remuneration Committee has 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 Directors

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 customers, employees, suppliers, regulatory bodies and the communities in which it operates.
Business/ Management Leadership Experience	Strong management and leadership experience including those 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 information technology with ability to apply technology 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 an 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.

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. Each Director of the Company may possess varied combinations of skills/experience within the described set of parameters and it is not necessary that all

the Directors possess all the above skills/ experience listed therein.

In case of appointment of Independent Directors, 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.

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, and obtains 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, the Independent Directors met on May 22, 2018 and November 9, 2018.

I. Familiarization programme of Directors

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

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 provide 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 available on the Company's website <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 Committees 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 with performance benchmark is clear;
- b) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and a variable component comprising performance based variable pay;
- c) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

- 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 signed separate agreements containing the terms and conditions of employment, including their

remuneration. These agreements have varying term ranging from two to four year periods. The agreements 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 2018-19. No stock options were granted to any of the Independent Directors and Promoter Directors during the year 2018-19. None of the Directors are related to each other.

Details of remuneration paid to Directors during the year 2018-19:

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 (₹)	2,80,70,537 [^]	Nil	Nil	Nil	Nil	Nil	Nil	**72,76,885	Nil
Allowances (₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commission/ Incentives(₹)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sitting fees (₹)*	Nil	Nil	7,25,000	9,75,000	10,25,000	7,75,000	3,00,000	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

* Excluding tax (GST)

**This is for the period commencing from 22 May 2018, being the date of appointment of Dr. B. S. Ramesh as an Executive Director.

[^]Including variable pay

L. Key Information pertaining to Directors as on March 31, 2019 is given below:

Sl. No.	Name of the Director	Category	Date of appointment	Directorship in other Companies*	Chairmanship in Committees of Board of other Companies	Membership in Committees of Board of other Companies*	Attendance at the last AGM held on September 26, 2018	No. of shares held as on March 31, 2019	Director Identification Number (DIN)	Other Listed Companies where the Director is appointed as Independent Director [^]
1.	Dr. B. S. Ajaikumar	Promoter, Executive Director	07/03/2000	7	Nil	Nil	Yes	1,76,73,346	00713779	Nil
2.	Mr. Gangadhara Ganapati	Non- Executive Independent Director	21/12/2005	3	Nil	Nil	No	17,06,170	00489200	Nil
3.	Dr. Sudhakar Rao	Independent Director	25/02/2015	5	3	1	Yes	Nil	00267211	Tata Elxsi Limited
4.	Mr. Shanker Anaswamy	Independent Director	25/02/2015	2	Nil	2	Yes	Nil	00449634	IndusInd Bank Limited
5.	Mr. Suresh C. Senapaty	Independent Director	29/05/2015	6	2	Nil	Yes	Nil	00018771	Honeywell Automation India Limited
6.	Dr. Sampath T. Ramesh	Independent Director	29/05/2015	Nil	Nil	Nil	Yes	455	03522398	Nil
7.	Mrs. Bhushani Kumar	Independent Director	29/05/2015	Nil	Nil	Nil	Yes	Nil	07195076	Nil
8.	Dr. Ramesh S. Bilimappa	Non- Executive Independent Director	10/11/2016	3	Nil	Nil	Yes	2,62,356	00518434	Nil
9.	Dr. Amit Varma	Non- Executive Independent Director	10/11/2016	9	Nil	1	No	Nil	02241746	Nil

[^] These Directorships are in the capacity as Independent Directors.

* 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.

Note 1: None of the Directors are related to each other.

Note 2: Dr. Sudhakar Rao has ceased to be a Director of BSE Institute Limited with effect from 31 March 2019.

None of our Directors are members in more than ten committees and has not acted as Chairman of more than five committees across all companies in which they are 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-COMMITTEES 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, 2019

- 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 the 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 with 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 and 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, advances 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 <https://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.

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

Audit and Risk Management Committee met five times during the year, i.e., May 21, 2018, August 08, 2018, November 08, 2018, February 06, 2019 and March 25, 2019. The composition of the Audit and Risk Management Committee and their attendance at the committee meetings are given in the below table.

Name	Position	Number of Committee meetings attended
Mr. Suresh C. Senapaty	Chairman	5
Dr. Sudhakar Rao	Member	5
Mr. Shanker Annaswamy	Member	5

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, include:

- 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

- consumption, (d) employment agreement, severance arrangements, 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, 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 also set out clear relationship between remuneration and performance, including appropriate performance benchmarks and 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, should be provided in the policy;
- 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 re-nomination), 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 nominations 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

regular review of the 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.

Nomination and Remuneration Committee of the Board has met four times during the year 2018-19, i.e., May 21, 2018, August 08, 2018, November 08, 2018 and February 06, 2019.

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

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

C. Stakeholders' Relationship Committee

This Committee is constituted in compliance

with Section 178 of the Companies Act, 2013 and 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 Agent 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, 2015 (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 four times during the year 2018-19, i.e., May 18, 2018, August 06, 2018, November 09, 2018 and February 05, 2019.

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

Name	Position	Number of Committee meetings attended
Mr. Gangadhara Ganapati	Chairman	4
Dr. B. S. Ajaikumar	Member	4
Mrs. Bhushani Kumar	Member	Nil*

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

*Mrs Bhushani Kumar, an Independent Director of our Company was appointed as a member of the Stakeholders' Relationship Committee on February 07, 2019.

Details of Shareholders Complaints

The details of shareholders' complaints received and resolved till March 31, 2019 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 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 are given in the below table:

Name	Position	Number of Committee meetings attended
Dr. Sudhakar Rao	Chairman	3
Dr. B. S. Ajaikumar	Member	3
Dr. Sampath T. Ramesh	Member	3
Mrs. Bhushani Kumar	Member	2

The Committee has met thrice during the financial year 2018-19 i.e., on May 18, 2018, August 09, 2018 and November 05, 2018.

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 and 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 are given in the below table:

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

Primary responsibilities of the Committee, inter alia, are:

- a) oversight of the strategic direction of the Company.
- b) making recommendations to the Board, related to the organization's mission, vision, strategic initiatives, major programs and services and periodic review of the same.
- c) helping management identify critical strategic issues facing the organization, assisting in analysis of alternative strategic options.
- d) ensuring management has established an effective strategic planning process,

including development of a three to five-year Strategic Plan with measurable goals and time targets.

- e) annually reviewing the Company's Strategic Plan and recommending updates as needed based on changes in the market, community needs and other factors.
- f) debate and discuss the outside-in-perspective (from a macro economic and technology trends) and see how this could possibly influence our choices as well as potential risks we may have to overcome.
- g) evaluate new investment proposals and expansions of existing business and make suitable recommendation to the Board for adoption.
- h) discuss thoughts on Mergers and Acquisitions and Strategic alliances and leverage Strategy Committee to suggest ideas and potentially open up sole sourced transactions.
- i) development of plans to implement the Company strategy.
- j) review of the Company's progress with respect to implementation of its strategy. The Committee will regularly review, discuss, and, where appropriate, make recommendations to management on the Company's vision as well as share with management the Board's expectations for the strategic planning process.
- k) delegation of power to the Chairman of the Company to approve investments up to specified limits.
- l) examine specific proposals such as acquisition or divestment of companies or similar such proposals requiring the approval of the Board and make appropriate recommendations to the Board.
- m) advising and guiding CFO 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.

The Committee has met once during the financial year 2018-19, i.e., on September 24, 2018.

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 01, 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 this 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 which 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, 2013, 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 2018-2019, three complaints were received at a group level and the same were investigated, out of which two resolved as per the provisions of the Act. One complaint was pending as on the date of this report.

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 material pecuniary relationships or transactions vis-à-vis the Company, other than the managerial remuneration paid/payable to the Executive Directors and sitting fee paid to the Independent Directors. During the year 2018-19, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company and the concerned officials have given undertakings to that effect as per the provisions of the Listing Regulations. Register of Contracts or arrangements in which Directors are interested in terms of Section 189 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

B. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

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

C. Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee

The Company has adopted a Whistle Blower Policy which is a channel for receiving and redressing of employees' complaints. No personnel in the Company 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 is considered as a Material Subsidiary with effect from April 01, 2019. Necessary compliances w.r.t. material subsidiaries have been duly carried out.

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

- a. financial statements, statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies forming part of the financials.
- b. Minutes of the meetings of the board of unlisted subsidiary companies placed before the Company's Board, as per 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 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 is 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 discretionary requirement 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. Pradeep B Kulkarni, 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 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, 2019.

Bengaluru
May 23, 2019

Dr. B. S. Ajaikumar
Chairman & CEO

ANNEXURE

GENERAL SHAREHOLDER INFORMATION

A. Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is L15200KAI998PLC023489 and our Company Registration Number is 23489.

B. Annual General Meeting

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

The Day, date and time : Thursday, the 26 day of September 2019 at 3.00 P.M.

Venue : The Chancery Pavillion, No. 135,
Residency Road, Shanthala Nagar, Ashok Nagar, Bengaluru – 560025

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, 2018 – Twentieth AGM	September 26, 2018 at 3.00 p.m.	M. S. Ramaiah Memorial Hospital Auditorium, M. S. Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post, Bengaluru – 560054	<ol style="list-style-type: none"> To approve making investments in excess of the limits prescribed under Section 186 of the Companies Act, 2013. 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. Increase in remuneration of Ms. Anjali Ajaikumar, Vice-President – Strategy & Quality, relative of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. Increase in remuneration of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. 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 p.m.	M. S. Ramaiah Memorial Hospital Auditorium, M. S. Ramaiah Memorial Hospital, MSR Nagar, MSRIT Post, Bengaluru – 560054	<ol style="list-style-type: none"> Increase in remuneration of Ms. Anjali Ajaikumar, Vice-President – Strategy & Quality, relative of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. To approve borrowings in excess of the limits prescribed under Section 180 (1) (c) of the Companies Act, 2013.

Particulars	Date & Time	Venue	Special Resolutions passed
For the Financial year ended March 31, 2016 – Eighteenth AGM	September 29, 2016 at 3.00 p.m.	No. 9/1, P. Kalinga Rao Road, Sampangi Rama Nagar, Bengaluru – 560027, Karnataka, India	<ol style="list-style-type: none"> Increase in remuneration of Dr. B. S. Ajaikumar, Whole-time Director, designated as Chairman & CEO. To permit Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPI) and Qualified Foreign Investors (QFI) to acquire and to make investment in the equity shares of the Company Issue of further shares to employees under a Scheme of Employees' Stock Option

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

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

Issue of equity shares to Dr M. Gopichand, one of the Promoters, for consideration other than cash

iii. Details of Postal Ballot

The Company did not conduct any postal ballots during the last three years.

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 and consolidated financial statements together with Board's Report, Auditors Report and other important information are circulated to the 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 2018 to 31st March 2019. 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 2018-19.

F. Unclaimed Dividends

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

G. Listing on Stock Exchanges

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

- National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
Website: www.nseindia.com

- BSE Limited, Phiroze Jheejheebhoy Towers, Dalal Street, Fort, Mumbai-400001.
Website: www.bseindia.com

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

H. International Securities Identification Number (ISIN)

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

I. Stock Code

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

Distribution of shareholding as on March 31, 2019

Category (Shares)	No. of Holders	% To Holders	No. of Shares	% of total Equity
1 - 500	8,876	88.58	9,79,138	1.11
501 - 1000	555	5.54	4,25,617	0.48
1001 - 2000	215	2.15	3,09,284	0.35
2001 - 3000	71	0.71	1,75,394	0.20
3001 - 4000	36	0.36	1,26,491	0.14
4001 - 5000	22	0.22	1,03,643	0.12
5001 - 10000	57	0.57	3,91,134	0.45
10001 and above	188	1.87	8,54,08,332	97.15
TOTAL:	10,020	100.00	8,79,19,033	100.00

J. Share Price Data

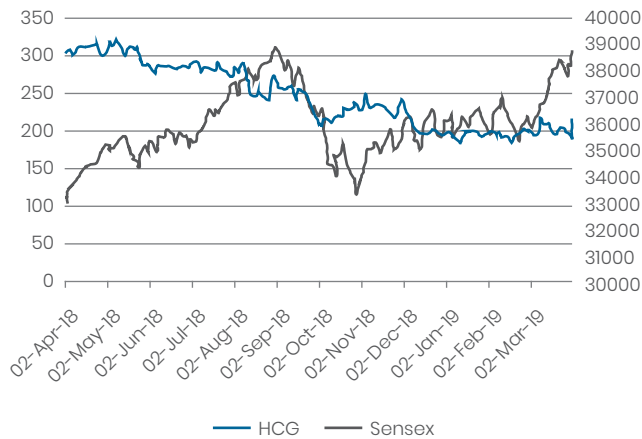
i. National Stock Exchange of India Limited

Date	Price of shares				Turnover (₹ in Lakh)
	Open (₹)	High (₹)	Low (₹)	Close (₹)	
April 2018	314.95	343.25	298.85	300.60	1,960.72
May 2018	303.95	336.90	278.15	284.50	3,770.14
June 2018	285.05	298.90	267.15	288.45	2,517.57
July 2018	289.55	295.00	270.10	279.70	2,549.75
August 2018	280.05	289.90	232.00	255.75	3,105.84
September 2018	258.25	265.30	211.20	214.65	776.43
October 2018	214.65	242.80	199.00	228.50	1,026.10
November 2018	231.20	246.00	212.30	222.20	1,559.04
December 2018	224.40	225.00	190.00	195.55	3,341.61
January 2019	199.00	204.00	181.35	199.55	1,912.67
February 2019	199.05	209.25	180.00	195.40	320.87
March 2019	196.35	204.55	176.85	220.00	1921.35

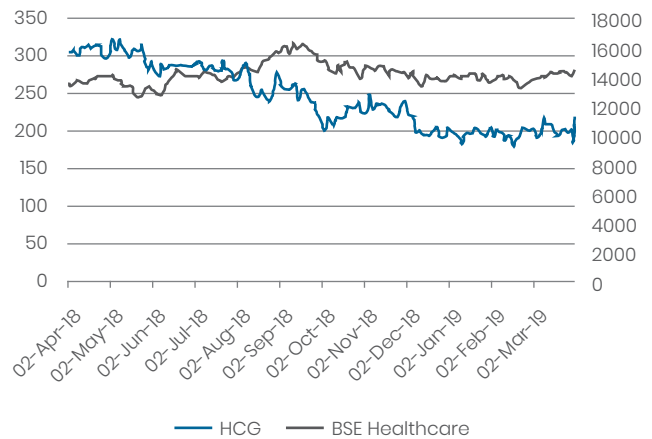
ii. BSE Limited

Date	Price of shares				Turnover (₹ in Lakh)
	Open (₹)	High (₹)	Low (₹)	Close (₹)	
April 2018	295.05	334.95	291.10	301.15	264.11
May 2018	302.05	335.00	280.35	284.00	1,234.81
June 2018	283.85	295.40	267.40	286.10	654.65
July 2018	289.95	294.75	268.00	281.25	28.05
August 2018	277.40	299.00	232.15	258.15	69.34
September 2018	252.75	264.00	212.80	215.95	37.22
October 2018	214.00	249.00	200.00	226.25	362.65
November 2018	226.45	249.95	215.05	220.00	521.80
December 2018	227.65	227.65	190.00	197.35	6,308.85
January 2019	197.40	204.85	182.00	196.30	22.20
February 2019	198.70	213.50	180.00	196.85	17.23
March 2019	195.00	229.40	178.95	215.40	84.09

HCG and BSE Sensex share price movement from April 1, 2018 to March 31, 2019:



HCG and BSE Healthcare Index share price movement from April 1, 2018 to March 31, 2019:



K. Shareholding pattern – Physical Vs DEMAT

The pattern of shareholding in physical as against in DEMAT mode as on March 31, 2019 is as under:

Sl. No	Description	Cases	Shares	% Equity
1	PHYSICAL	141	9,96,329	1.13
2	NSDL	6,207	837,03,809	95.21
3	CDSL	3,672	32,18,895	3.66
Total:		10,020	8,79,19,033	100.00

Out of total 10,020 shareholders, 141 shareholders hold 9,96,329 shares, aggregating to 1.13% of total shares, in physical mode as on March 31, 2019.

L. Registrar and Transfer Agents

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

Address for correspondence

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

M/s. Karvy Fintech 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. K. S. Reddy, Asst. General Manager – einward.ris@karvy.com

M. Share Transfer System and Reconciliation of Share Capital Audit

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

The Reconciliation of Share Capital Audit as stipulated under Regulation 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 dematerialized form 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. Web-based Query Redressal System

Members may utilize this facility extended by the Registrar & Transfer Agents for redressal of their

queries. Please visit www.karvyfintech.com and click on "investors" option for query registration through free identity registration to log on. Investor can submit the query in the "QUERIES" option provided on the web-site, which would give the grievance registration number. For accessing the status/response to your query, please use the same number at the option "VIEW REPLY" after 24 hours. The investors can continue to put additional queries relating to the case till they are satisfied.

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

For Shareholder Grievance Redressal	For Investor Relations
<p>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: No. 3, Tower Block Unity Building Complex, Mission Road Bengaluru – 560027 Phone: 080-46607700 Fax: 080-46607748 e-mail: investors@hcgoncology.com</p>	<p>Mr. Niraj Didwania Head – Investor Relations HealthCare Global Enterprises Limited Corporate Office: No. 3, Tower Block Unity Building Complex, Mission Road Bengaluru – 560027 Phone: 080-46607700 Fax: 080-46607748 e-mail: investors@hcgoncology.com</p>

P. Credit Ratings

The long-term credit rating of HCG for FY 19 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..

Q. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the year 2015-16, the Company had completed its Initial Public Offering of 29,800,000 equity shares of ₹10 each, comprising of Fresh Issue of 11,600,000 equity shares and Offer for Sale of 18,200,000 equity shares at a premium of ₹208 per equity share. The total issue size was ₹64,964.00 Lakh.

The Statement of category wise utilisation of proceeds from the Initial Public Offer is as under:

(₹ in Lakh)

Category wise utilisation of Net Proceeds	Amount proposed to be utilized	Amount proposed to be utilized after reallocation	Actual utilisation upto 31 March 2019
Purchase of medical equipment	4,220	258	258
Investment in IT software, services and hardware	3,019	2,981	2,981*
Pre-payment of debt	14,704	14,704	14,704
General Corporate Purposes	1,977	5,977	5,977
Total	23,920	23,920	23,920

- (i) ₹3,962 Lakh from purchase of medical equipment and ₹38 Lakh from investment in IT software, services and hardware has been reallocated to General Corporate Purpose usage, as allowed by the 'Objects of the offer' section in the Prospectus of the Company for the Initial Public Offer.

*Includes ₹1,000 Lakh ear-marked for meeting payment commitments with regard to a contract for supply of IT softwares.

The objects of the preferential issue of ₹3,500.00 Lakh as stated in the notice of Extraordinary General Meeting dated November 22, 2017 was for General Corporate Purposes and to fund the expansion plans of the Company.

The proceeds have been fully utilised for the objects for which it was raised.

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 Statutory Auditors	31 March 2019	31 March 2018
Audit fee including OPE and applicable taxes	12.8	9.4
Others	1.4	1.3
Total	14.2	10.8

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>.

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, 2019 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
May 23, 2019

Dr. B. S. Ajaikumar
Chairman & CEO

Srinivasa V. Raghavan
Chief Financial Officer

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No : LI5200KA1998PLC023489
Nominal Capital : ₹132 Crores

To
The Members of
HEALTHCARE GLOBAL ENTERPRISES LIMITED,

We have examined all the relevant records of HEALTHCARE GLOBAL ENTERPRISES LIMITED 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, 2019. 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 is 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.

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. 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 item C.

For V. Sreedharan & Associates
Company Secretaries

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

Bangalore,
May 20, 2019

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, Bangalore - 560027

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HEALTHCARE GLOBAL ENTERPRISES LIMITED**, having CIN LI5200KA1998PLC023489 and having registered office at HCG Tower, No.8, P. Kalinga Rao Road, Sampangi Rama Nagar, Bangalore - 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, 2019 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).

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 Bilimappa	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**

(Pradeep B Kulkarni)

Partner

FCS: 7260; C.P No:7835

Bengaluru

May 20, 2019

Management Discussion and 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 financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present our state of affairs, profits/loss and cash flows for the year. Investors are also requested to note that this discussion is based on the consolidated financial results of the Company.

HEALTHCARE MARKET

As of 2018, India ranks 145 among 195 countries on the healthcare access quality index, with the widest disparities within different regions, highlighting the sub-optimal state of personal healthcare access and quality in the country.

Indian healthcare market is expected to rank amongst the top three in terms of incremental growth by 2020. India was the sixth largest market globally in terms of size in 2014. The industry is expected to advance at a CAGR of 22.90 per cent during 2015–2020 and is pegged at USD 110 billion as of 2017. Rising income levels,

ageing population, growing health awareness and changing attitude towards preventive healthcare is expected to boost healthcare services demand in future. The low cost of medical services has resulted in a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research. Conducive policies for encouraging FDI, tax benefits, favourable government policies coupled with promising growth prospects have helped the industry attract private equity, venture capitals and foreign players.

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

The private sector has emerged as a vibrant force in India's healthcare industry, lending it both national and international repute. Large

investments by private sector players are likely to contribute significantly to the development of India's hospital industry, which comprises around 80 per cent of the total market. Private sector's share in hospitals and hospital beds is estimated at 74 per cent and 40 per cent, respectively.

A major portion of secondary, tertiary and quaternary healthcare institutions comes from private sector. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry with the sector poised to grow substantially in the coming years and contribute not only in stimulation economic growth but also to employment, with over 40 million new jobs expected to be generated by 2020.

Globally the investment in healthcare industry has been rising on account of strong secular and demographic forces. The growth of healthcare investments is powered by 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—that is, an industry with proven resilience to economic turbulence.

Specifically, in India as well, not only are there 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.

Increasingly the Indian market is seeing a trend of consolidation

amongst organized healthcare groups to drive geographic presence through combination of greenfield and brownfield expansions, cost efficiencies through economies of scale, address shortage of trained clinical and managerial talent as well as create a platform for implementing technological and patient centric innovations at a larger scale.

Within the emerging trends of investment and consolidation in healthcare, we see a strong focus on category leaders, which is essentially companies that are proven leaders in their segments and are better placed to benefit not only from internal efficiencies and external tailwinds, but also withstand macro or external headwinds. Also, this provides a clear path to increasing earnings through not only organic growth, but also future acquisitions in domestic and international markets based on suitable strategies.

Recent Government Policies on Indian Healthcare Sector

The 2018 union budget took a landmark step towards a universal healthcare system making healthcare affordable and accessible to all. It was to include two major initiatives—the creation of health and wellness centres (HWC) and a National Health Protection Scheme (NHPS). The National Health Protection Scheme (NHPS), the world’s largest government-funded, aims to cover

10 crore families translating into approximately 50 crores citizens with Rs 5 lac coverage per family for secondary and tertiary care hospitalization. The NHPS aims to double the government spending on healthcare from the existing 1.5% of the GDP to 2.5% by 2025.

Several private hospital groups have not directly participated with the scheme on account of lower realisations, unattractive pricing and government receivables although there is marginal indirect participation in some locations with the existing government schemes being converted to NHPS. We feel the impact of the scheme is currently minimal and will need more time to evaluate the same as the scheme undergoes several changes with respect to price revision and solve other challenges. So far, Gujarat has led the way among the states with increased instances of implementation, accounting for around 26% of the total number of hospital admissions cleared under the scheme. Tamil Nadu, Chhattisgarh, Karnataka and Maharashtra follow.

In March’ 2019, the National Pharmaceutical Pricing Authority (NPPA) has capped trade margin on 42 anti-cancer drugs at 30 per cent. Previously, 57 scheduled anti-cancer drugs were under the price control. The authority has invoked the “extraordinary powers” to bring Non-scheduled formulations of 42 drugs under the cap.

ONCOLOGY

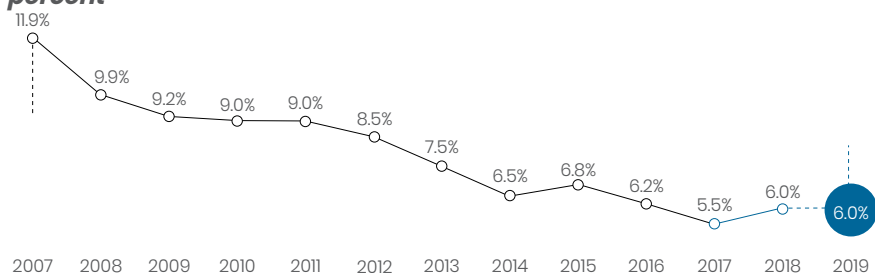
Global Outlook:

The global healthcare scenario is witnessing unprecedented epidemiological and demographic changes. These changes are due to the increasing prevalence of disease and rising geriatric population, worldwide. Cancer, a deadly disease, is regarded as one of the primary healthcare and economic burdens, globally. The World Health Organization reports that cancer is the second leading cause of death and about 16% of people die every year due to cancer. Advancing age in addition to exposure to mutagens, chemicals (such as tobacco smoke), ionizing radiation, and hormonal imbalance, among others, is a high-risk factor to cancer.

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

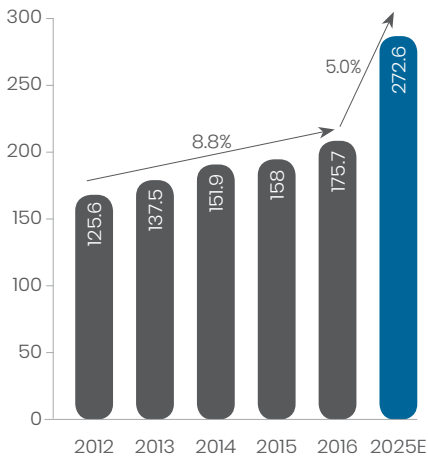
Given to the huge market needs, oncology has become top one treatment area in the developed countries. Based on IMS data, global cancer care treatment market reached USD 175.5 billion in 2016 and is estimated to be ~USD270 billion in 2025, mainly driven by healthy pipelines and higher adoptions of better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

Medical cost trend fell for seven years before stabilizing around 6 percent



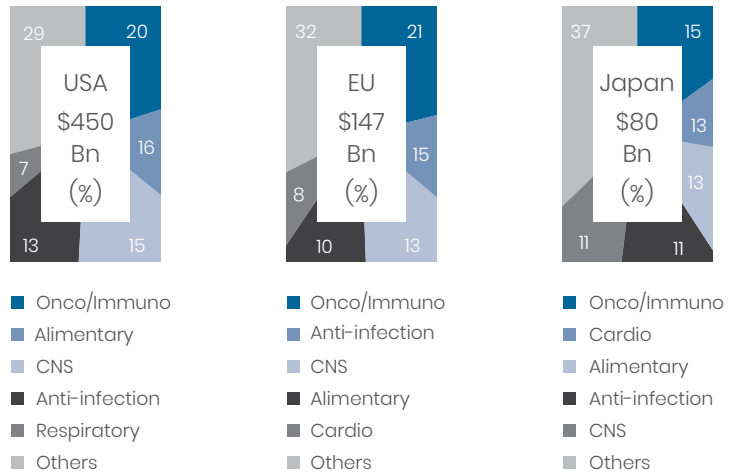
(Source: PwC Health Research Institute medical cost trends 2007–2019)

Global oncology market sales (in US\$ Bn.)



Source: IMS, Midas, Bernstein analysis

Value share among treatment areas



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

Advancements in immuno- and biosimilars for the treatment of cancers. Immense scientific innovation in the field of oncology has resulted in higher regulatory approval rates of cancer treatment drugs used in chemotherapy, radiation therapy, and hormone therapy, among others.

Advances in Cancer Therapeutics

Since 2013, **78 approved therapies** have been launched, relating to 24 different tumor types.

In 2017, PD-1 and PD-L1 inhibitors were used to treat patients with **23 different tumor types**, primarily lung cancer.

14 new cancer therapeutics were launched in 2017.

All were targeted therapeutics

11 received "Breakthrough Therapy" status

Advances in technology and the use of information will be driving forces that affect oncology treatment and costs throughout the next decade.

Mobile Apps are being incorporated into clinical trials and used across the patient journey.

15 Published studies in 2017 found positive impacts of cancer apps across a range of uses

India Outlook:

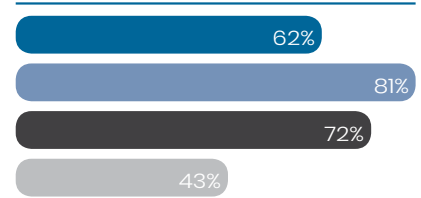
The Indian Council of Medical Research (ICMR) reported in their study that in 2016 the total number of new cancer cases was estimated to be around 14.5 lakh and the figure is likely to reach nearly 17.3 lakh new cases in 2020. The real incidence of cancer in India could be significantly higher than the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

the real incidence of cancer could be at least 1.5 to 2 times higher than the reported incidence.

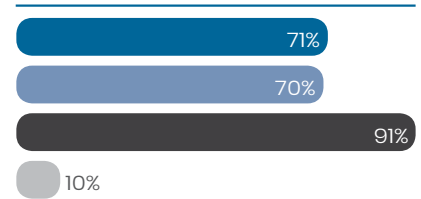
With incidence rising at a rapid pace, cancer is ranked as the sixth leading cause of death in India. Of the new cases of cancer projected to have been diagnosed in India each year, breast cancer in women and oral cancer for men, among the top two cancers in terms of both incidence and mortality. The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

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

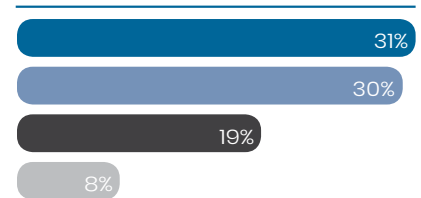
Breast



Cervical



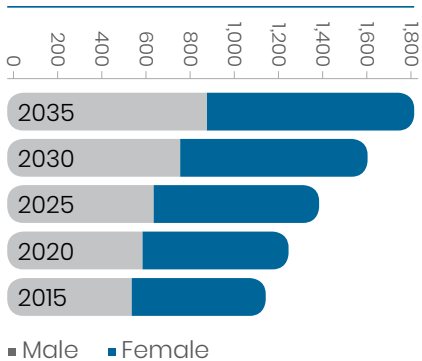
Head and Neck



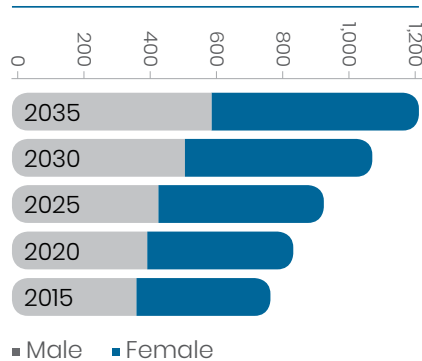
■ USA ■ UK ■ China ■ India

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

Estimated number of new cancer incidences ('000)



Estimated number of cancer deaths ('000)



The reported incidence of cancer in India is based on data collected from the cancer registries, which cover less than 10% of the population, resulting in a significant margin of error in estimation. The gap between reported and real cancer incidence can primarily be attributed to under-diagnosis of cancer in India. The under-diagnosis of cancer is represented in the relatively late stage of presentation of cancer cases in India relative to China, the United Kingdom and the United States. Breast cancer as emerged as the most common disease in women with incidence has gone up by 39.1 per cent between 1990 and 2016.

Data collected between 2009 and 2011 show that only 43% of breast

cancer cases were diagnosed at early stages (i.e., stage I or stage II) of the disease in India while it is 62% in the United States, 81% in the United Kingdom and 72% in China. While this varies with the type of cancer, the rate of diagnosis in India is generally more delayed compared to other countries. (Source: Call for Action: Expanding cancer care in India dated July 2015, page number 3, published by Ernst & Young)

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

The challenge of high incidence is further compounded by the unfortunate situation of late detection, which has an adverse impact on the cost of care and mortality.

- 5-year survival rate decreases by 2.7 times and 17.2 times for breast and cervical cancer, respectively, in case of detections at stage IV as against stage I
- Treatment cost for late stage cancers is 1.5 to 2 times higher than the cost for early stage cancers

Lack of awareness of cancer and the lack of participation in screening programs in India are significant contributory factors for the relatively late stage of the disease presentation and consequently

low reported cancer incidences in India. Fewer than 1% of women in India aged between 40 and 69 years participated in recommended breast screening mammograms once in 24 months, as compared to 30% in China and 65% in the United States in 2014.

- India has the highest mortality for breast and cervical cancers and second highest for ovarian cancer after China
- The mortality to incidence ratio for key women-specific cancers like breast, cervix, ovarian, which is a key indicator for measuring effectiveness of national cancer control programs, is the worst in India at 60%, when compared to global peers

Key Drivers of Cancer Incidence

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

Key Growth Drivers

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

Average Cost of Cancer Treatment (Amounts in ₹)

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

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

The profile of cancers in India is also changing, and is becoming similar to that seen in more urbanised and higher income societies. For instance, in

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

FERTILITY

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

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

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

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

to 46,042 IVF cycles in the United States in 2013, and 6,494 IVF cycles in China in 2014.

As of 2015, around 1% of the 27.5 million couples suffering from infertility in India presented for fertility assessment. It is estimated that

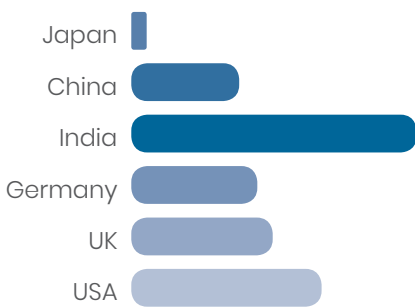
the potential demand for IVF cycles in Bengaluru, Delhi and Mumbai is nine to twelve times higher than the current actual demand.

The following graph sets out a comparison of (i) the need for parenthood, (ii) the importance

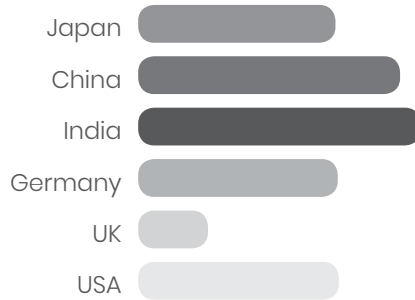
of social status associated with parenthood, and (iii) the relative awareness of infertility problems in India, the United States, the United Kingdom, China, Japan and Germany:

Factors Influencing Infertility Treatment

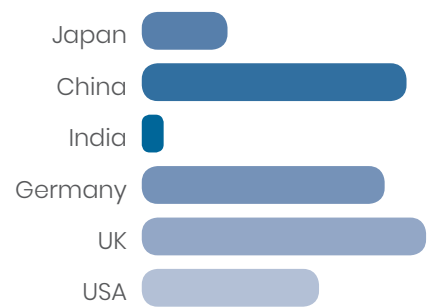
Need for Parenthood



Importance of Social Status of Parenthood



Awareness of Fertility problems



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

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

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

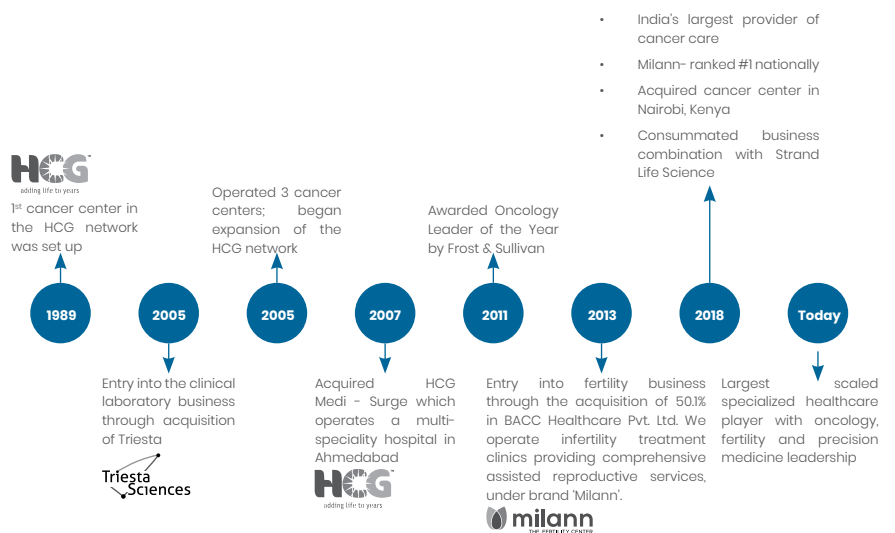
handling of spermatozoa or oocyte outside the body or the use of a surrogate mother. (Source: Call for Action: Expanding IVF treatment India dated July 2015, published by Ernst & Young)

COMPANY OVERVIEW

HCG is a leading provider of tertiary and quaternary healthcare services

focused on cancer and fertility specialties. Under the “HCG” brand, we operate the largest cancer care network in India in terms of the total number of cancer treatment centers licensed by the AERB as of May 31, 2015 (Government of India, Atomic Energy Regulatory Board)

Evolution of HCG as a Provider of Specialty Healthcare and India’s Largest Provider of Cancer Care



OUR BUSINESS

ONCOLOGY:



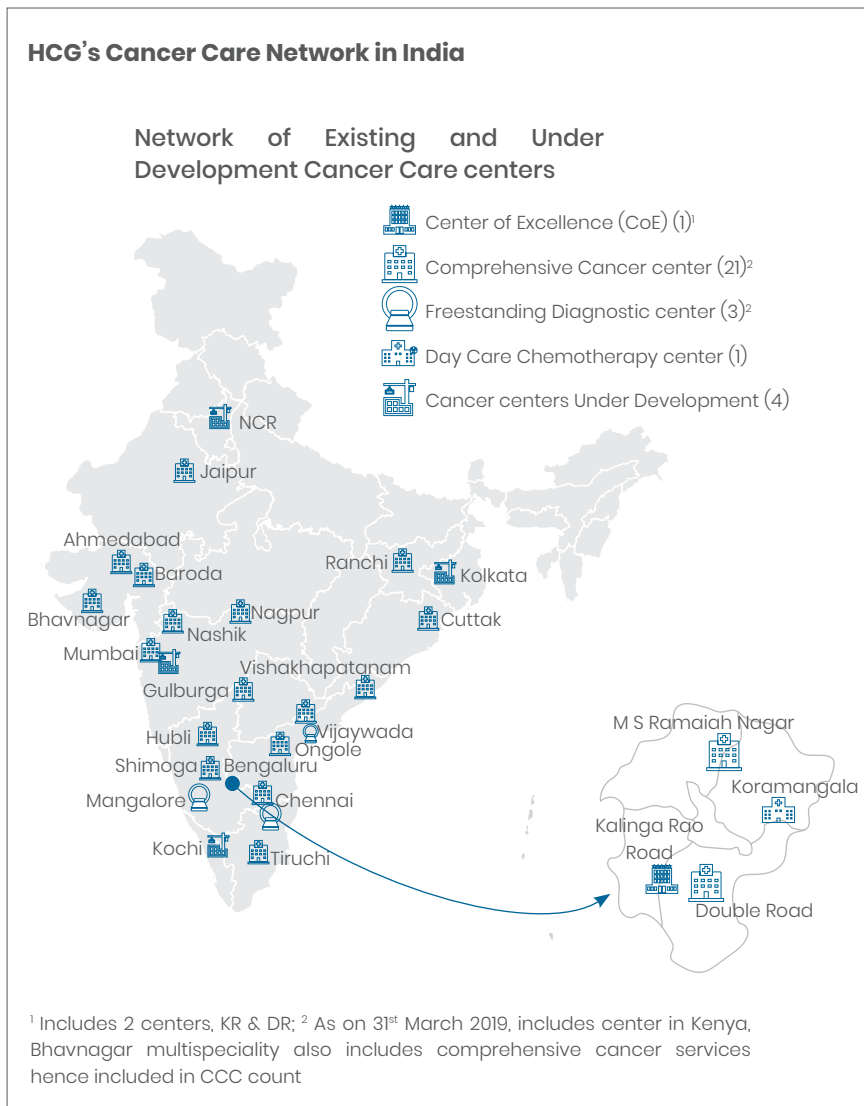
The Company is the largest provider of cancer care in India under the “HCG” brand. It owns and operates comprehensive cancer diagnosis and treatment services (through radiation therapy, medical oncology and surgery).

As of March 31, 2019, our HCG network consisted of

21 comprehensive cancer centers, including our center of excellence in Bengaluru, 3 freestanding diagnostic centers and 1 day care chemotherapy center across India 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.

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 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 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



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,

diagnostic and treatment technologies throughout our HCG network, we are able to provide consistent quality of care to all patients.

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

We believe that our current model of providing speciality healthcare in India can be replicated in other underserved healthcare markets

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 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 year, right to shares for balance 49.90% has been acquired, refer note 46 of the Consolidated Financial Statements. Pursuant to this acquisition, we operate eight Milann fertility centers across Bengaluru, Delhi, Chandigarh and Ahmedabad as on March 31, 2019.

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. During Fiscal Years 2019 and 2018, our Milann fertility centers registered 5,688 and 5,083 new patients and performed 2,045 and 2,178 IVF procedures, respectively. Our Milann fertility centers also offer training programmes for fertility specialists and embryologists.

SPECIALITY DIAGNOSTICS:

strand

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 oncopathologists, 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, Tumor 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 tumor 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.

MULTISPECIALITY:



HCG operates four multi-speciality hospitals, three under “HCG” brand in Ahmedabad, Bhavnagar and recently opened 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 March 31, 2019. These hospitals provide comprehensive inpatient and outpatient treatments. Their key specialties include cardiology, neurology, orthopedics, 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 also acquired 18% stake in Suchirayu Health Care Solutions as part of our strategy to grow multispeciality business in niche

specialties and regions of strategic interest for the Company.

Apart from an extension of Jaipur cancer center, which is co-located and would offer some multispeciality services, 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, 2019, we operate a network of 21 comprehensive cancer centers, three freestanding diagnostic centers and a day care chemotherapy center across eight states in India and 1 center in Nairobi, Kenya. All of these centers are majority owned by us. 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	60	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
Gujarat Cluster						
Ahmedabad ¹	2012	78	2	4	-	Yes
Baroda ¹	2016	60	1	3	1	Yes

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
East India Cluster						
Ranchi	2008	56	1	2	-	Yes
Cuttack	2008	116	2	2	1	Yes
Maharashtra Cluster						
Nasik ¹	2007	77 ⁴	1	39	1	Yes ¹¹
Borivali ¹	2017	69	1	5	1	Yes
Nagpur ¹	2017	115	1	2	1	Yes
Others						
Vijaywada	2009	30 ⁵	2	4	-	Yes
Chennai	2012	35	1	- ⁹	-	Yes ¹¹
Ongole	2012	19 ⁶	1	2	-	Yes
Tiruchirappalli	2014	-	-	-	-	-
Vishakapatnam	2016	88	1	-	1	Yes ¹¹
Jaipur	2018	45	1	3	1	Yes
Bhavnagar Oncology ²	2018	-	1	3	-	Yes
Nashik Phase II	2018	75	1	5	-	Yes
Kolkata ¹	2019	80	1	3	- ⁴	Yes ⁵
Mumbai – Cooperage	2019	32	1	2	1	Yes

Notes:

- Operated through our Subsidiary.
- Our comprehensive cancer center located at Kalinga Rao Road in Bengaluru is our center of excellence.
- Number of beds includes ICU beds (as applicable).
- We utilise the beds, including the ICU beds of our partner.
- In addition, we have 120 self care beds at our center in Vijaywada.
- In addition, we have 61 self care beds at our center at Ongole
- Includes a WBRRS system.
- 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.
- Surgical services are provided by our partner.
- Laboratory services are provided by Triesta central reference laboratory (now Strand Life Sciences).
- Laboratory services are provided by our partner.

As of March 31, 2019 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 Bhavnagar commenced operations as comprehensive cancer center with launch of radiation services this year. 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.

We commenced operations of our cancer center in Jaipur in the financial year 2018-2019. This is one of the 1st private dedicated comprehensive cancer center with state-of-the art medical equipment including LINAC and PET CT and provision for BMT in the future.

Our Nashik center commenced operations of phase 2 with a new building adjoining the

original hospital, with advanced Tomotherapy Radiation technology, Bone Marrow transplant facilities and 92 beds. HCG Nashik would be one of the most advanced cancer hospitals in a non-metro city in Maharashtra and arguably across the country.

Also, HCG acquired 49.99% stake from its minority partner in Apex HCG Oncology Hospitals LLP, which operates the 1st private standalone comprehensive cancer center in Mumbai. The center is ramping up well and establishes HCG position as leader among private hospitals in oncology in the Western region.

As on the date of this report, we had commenced outpatient

services at Kolkata and South Mumbai hospitals, which will be fully operationalised in the coming year, offering comprehensive cancer care services. These hospitals provide advanced and high-quality care targeting higher-economic segment located in attractive micro-markets within the large metro cities of Kolkata and Mumbai.

As of March 31, 2019, commenced operations of 2 day care chemotherapy centers in Bengaluru. Our day care chemotherapy center provides medical oncology services and carries out other medical services including consultations and minor procedures.

HCG cancer centers under development in India

New Centers

As on the date of this report we had commenced operations at 2 centers in Kolkata and South Mumbai, we were 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. All of these under development centers are majority-owned by us.

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 Theatres ³	Number of PET-CT Scanners	Laboratory
Kochi	100	1	5	1	Yes
Gurgaon	85	1	3	1	Yes ⁵

Milann Centers

The following table sets out our existing Milann fertility centers as of March 31, 2019 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 Ahmedabad, launched in Q4-FY18, commenced operations in FY2019 and Whitefield center was launched to strengthen presence and market share in Bengaluru region. Milann exited Mumbai and Bhuvangiri satellite centers 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 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 247 robotic surgeries completed in the year. The number of beds operated in the Karnataka cluster remained the same at end of FY19 at 632 as compared to 632 beds in FY 18. Karnataka cluster strategy of focusing on procedure and payer mix enhancement has resulted in Revenues increased from ₹3,247.1 million in FY 18 to ₹3,490.1 million in FY 19. ARPOB increased by 2.0% to ₹34,808/day on the back of change in payer mix in the current year. With continuing expansion

on pan-India basis as well as improving performance in other geographies, share of Karnataka region as a percentage of total revenues for HCG Centers (excluding Fertility) continues to reduce, and was at 38% in FY 19 as compared to 42% in FY 18.

Gujarat Cluster

During the year under review, Gujarat cluster had 5 operational centers and operated 447 beds. Rajkot center launched in Q1 FY19, has started to ramp up. The Bhavnagar center which started in May 2015 was expanded to provide radiation treatment and offers comprehensive cancer care services. 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 20.2% to ₹2,667.9 million, the ARPOB has also improved by 2.1% to ₹35,731 ₹/day when compared to FY18. We continue to strengthen

our position in state of Gujarat with share of revenues of HCG Centers from this cluster remaining constant at 29% in FY 19 as in FY 18 and remain positive about this region.

Maharashtra Cluster:

We had consolidated the operations with our partner at Nashik center in FY17 and expanded the operations with launch of Phase II with addition of over 92 beds in current fiscal.

Additionally, 2 new comprehensive cancer centers were opened in Maharashtra during FY18, one center in Borivali in Mumbai and another one in Nagpur. While Borivali is operational with 69 beds and capacity for 105 beds, Nagpur center is a 115 bed hospital. Both the centers are ramping up well, with growth in volumes and revenue.

Overall Maharashtra cluster clocked revenue of ₹1,239.2 million during FY19 as against

revenue of ₹671.5 million in FY18.

We are on track to launch our new center in Mumbai city located at South Mumbai, in the forthcoming fiscal with addition of 32 beds. Going forward, we would have strength of about 400 operational beds across 4 centers in this region. We continue to strengthen our position in state of Maharashtra with share of revenues of HCG Centers from this cluster increasing from 9% in FY 18 to 14% in FY 19 and remain 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 ₹641.6 million in FY 19 as compared to ₹586.9 million in FY 18 which is an increase of 9.3% 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. The expansion at the Cuttack center with addition of new technologies was adopted well with ARPOB improving by 7.4% to ₹15,617. Our new center in Kolkata commenced OPD services in Q4-FY19 and on date of this report had commenced full operations.

Andhra Pradesh Cluster

During the year under review, Andhra Pradesh cluster had 3 operational centers and operated 177 beds. The Vishakhapatnam center

which started in Q1 FY 17 continues to ramp up well. The revenues of the cluster have shown an increase of 35.5% to ₹673.5 million. With positive experience from our long term presence in Vijayawada, we have consolidated the operations with our partner. We continue to strengthen our position in state of Andhra Pradesh, with share of revenues of HCG Centers from this cluster increasing to 7% in FY 19 as compared to 6% in FY 18 and remain positive about this region.

Milann Centers

During the year, Milann business achieved marginally lower revenues as compared to previous year. Milann centers in Bangalore and Delhi clocked lower revenues, primarily on account of factors related to key consultants at these centers and additionally with launch of new centers in Whitefield and Ahmedabad in the fiscal, the overall profitability of the business was negatively impacted. At the time of this report, Milann had shown improving trends in new registrations, revenues and profitability and continues to be one of the leading IVF brands in India. New registrations increased by 11.9% to 5,688. The number of IVF cycles decreased by 6.1% to 2,045 compared to the 2,178 cycles in the last fiscal. Consequently, revenues decreased to ₹643.6 million compared to ₹669.0 million in the last year which was a decrease of 3.8%.

FINANCIAL PERFORMANCE

The financial statements of HealthCare Global Enterprises Limited and its subsidiaries, joint ventures and associates (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).

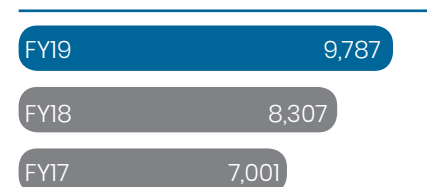
The discussions herein below relate to consolidated statement of profit and loss for the year ended March 31, 2019, consolidated balance sheet as at March 31, 2019 and the consolidated cash flow statement for the year ended March 31, 2019. The consolidated results are more relevant for understanding 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.

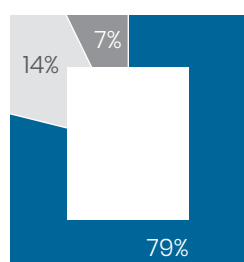
Key Metrics

Revenue* (₹ Mn)



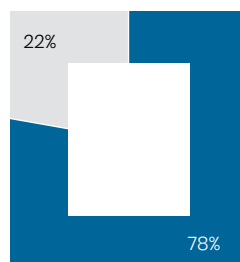
Revenue break-up for FY19

By Speciality



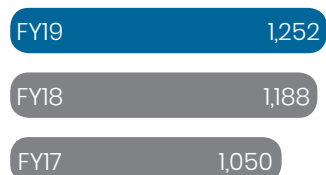
- Oncology
- Multi-Speciality
- Fertility

By Maturity

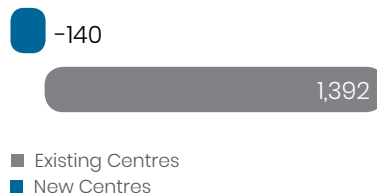


- Existing Centres
- New Centres

EBIDTA* (₹ Mn)

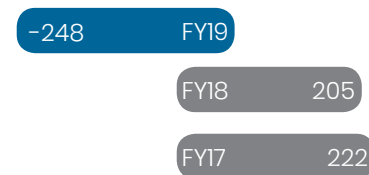


EBITDA* (₹ Mn)



- Existing Centres
- New Centres

PAT (₹ Mn)



*including Govt. grant, excluding other income for FY19

Particulars	For the fiscal year ended March 31, 2019		Growth over FY18 In %	For the fiscal year ended March 31, 2018	
	(In millions)	% of Revenue		(In millions)	% of Revenue
REVENUE					
Revenue from operations and other income					
Income from medical services	8,865.5	89.9	18.2%	7,498.4	88.9
Income from sale of medical and non-medical items	743.3	7.5	8.6%	684.1	8.1
Other operating revenues including Govt. grants	177.9	1.8	43.1%	124.3	1.5
Revenue including Govt. grants and excluding other income	9,786.7	99.2	17.8%	8,306.9	98.5
Other Income	74.1	0.8	(42.1%)	128.0	1.5
Total Revenue	9,860.8	100.0	16.9%	8,434.9	100.0
EXPENSES					
Purchases of stock-in-trade	2,214.9	22.5	12.6%	1,966.4	23.3
(Increase)/ Decrease in stock-of-trade	(28.5)	(0.3)	(58.8%)	(69.3)	(0.8)
Employee benefits expenses	1,845.2	18.7	17.0%	1,577.1	18.7
Finance costs	699.1	7.1	65.1%	423.5	5.0
Depreciaton and Amortisation expense	850.8	8.6	19.1%	714.6	8.5
Other expenses	4,503.2	45.7	23.6%	3,644.5	43.2
Total Expenses	10,084.7	102.3	22.1%	8,256.8	97.9

Particulars	For the fiscal year ended March 31, 2019		Growth over FY18	For the fiscal year ended March 31, 2018	
	(In millions)	% of Revenue	In %	(In millions)	% of Revenue
Profit/(loss) before tax and exceptional items	(223.9)	(2.3)	(225.8%)	178.1	2.1
EXCEPTIONAL ITEMS	-	-	-	107.7	1.3
Share of (loss) of equity accounted investees	(109.8)	(1.1)	(883.2)	14.0	0.2
Profit/(loss) before tax	(333.7)	(3.4)	(222.8%)	271.8	3.2
TAX EXPENSE					
(1) Current Tax	(11.0)	(0.1)	(108.1%)	135.5	1.6
(2) Deferred Tax	(14.0)	(0.1)	(57.6%)	(33.1)	(0.4)
Net Tax Expenses	(25.0)	(0.3)	(124.4%)	102.4	1.2
Profit/(loss) after tax before share of profit/ (loss) of minority interest	(308.7)	(3.1)	(282.3%)	169.4	2.0
Share of profit of minority interest	(60.8)	0.6	69.5%	(35.9)	(0.4)
Net Profit/(loss) for the period	(248.0)	(2.5)	(220.8%)	205.2	2.4

Revenue

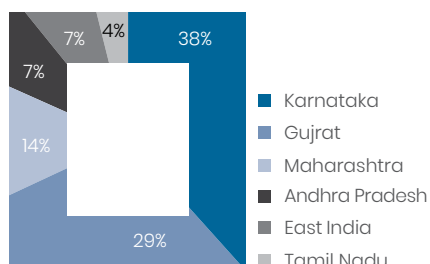
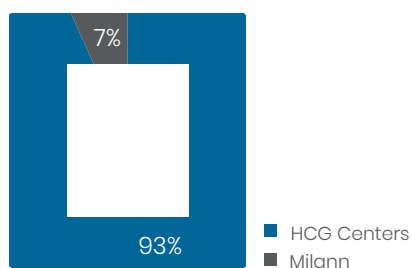
Our total revenue increased by ₹1425.9 million (16.9%) as compared to Fiscal Year 2018 to ₹9,860.8 million in Fiscal Year 2019. This increase was primarily due to an increase in revenue from operations.

Revenue from operations

The revenue from operations increased by ₹1,479.9 million, or by 17.8%, from ₹8306.9 million in Fiscal Year 2018 to ₹9,786.7 million in Fiscal Year 2019. 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 2019, our Maharashtra, Gujarat and Karnataka clusters contributed additional revenues of ₹567.4 million, ₹447.5 million and ₹243.5 million respectively compared to Fiscal Year 2018. Our new centers, Baroda, 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 contributed revenue of ₹2025 million combined. Revenue from our fertility centers was marginally lower at ₹643.6 million during the year

Revenue Break up including Govt. grants



Other operating revenues

Our other operating revenues including Govt. grants was at ₹177.9 million as compared to ₹124.3 million in Fiscal Year 2018. Other operating income primarily consists of Income from Export Revenue and from other operational arrangements and the EPCG Income.

Other income

Our other income decreased by ₹53.9 million, or by 42.1%, from 128.0 million in Fiscal Year 2018 to ₹74.1 million in Fiscal Year 2019. Other income was higher last year due to interest income received on IT refund and other investments.

Expenses

Our total expenses increased by ₹1827.9 million, or by 22.1%, from ₹8256.8 million in Fiscal Year 2018 to ₹10,084.7 million in Fiscal Year 2019. The increase in expenses is in line with the business growth and primarily contributed by increase in employee benefits expenses and other expenses.

Cost of consumption

Cost of consumption comprises of our expenses related to purchases of stock-in-trade and changes in inventories of stock-in-trade. Cost of consumption related to usage of drugs, medical and non-medical consumable items increased by ₹289.3 million, or by 15.2%, from ₹1897.1 million in Fiscal Year 2018 to ₹2186.4 million in Fiscal Year 2019.

Cost of consumption as a percentage of our total revenue decreased from 22.5% in Fiscal Year 2018 to 22.2% in Fiscal Year 2019. 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 ₹268.1 million, or by 17.0%, from ₹1577.1 million in Fiscal Year 2018 to ₹1845.2 million in Fiscal Year 2019. This increase was primarily due to additions of new centers - comprehensive cancer centers at Borivali and Nagpur as well as new center being managed by HCG at Suchirayu, Hubli, Kolkata and Jaipur.

Finance costs

Our finance costs increased by ₹275.6 million, or by 65.1%, from ₹423.5 million in Fiscal Year 2018 to ₹699.1 million in Fiscal Year 2019 primarily on account of increase in loans availed for investments at new centers.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by ₹136.3 million, or by 19.1%, from ₹714.6 million in Fiscal Year 2018 to ₹850.9 million in Fiscal Year 2019. This was primarily

due to increase in our fixed assets on account of purchase of new equipments, including purchase at new centers.

As a percentage of revenue, this group of expense was at 8.6% in FY2019 as compared to 8.5% in FY2018.

Other expenses

Our other expenses increased by ₹858.7 million, or by 23.6%, from

₹3644.5 million in Fiscal Year 2018 to ₹4503.2 million in Fiscal Year 2019. This was primarily due to increases in our medical consultancy charges, rent including lease rentals, power, fuel and water charges, housekeeping and security expenses.

Other expenses, as a percentage of revenue, have marginally increased from 43.2% in Fiscal Year 2018 to 45.7% in Fiscal Year 2019. The key expense line items include:

Description	Fiscal Year 2019	% of Total Revenue	Fiscal Year 2018	% of Total Revenue
Medical Consultancy Charges	2,113.8	21.4%	1,742.2	20.7%
Rent including lease rentals	563.2	5.7%	422.6	5.0%
Repairs and Maintenance	257.4	2.6%	245.8	2.9%
Power, fuel and water	288.2	2.9%	228.9	2.7%
House keeping and security	236.7	2.4%	204.3	2.4%
Lab Charges	371.0	3.8%	169.3	2.0%
Advertisement, Publicity & Marketing	121.9	1.2%	100.6	1.2%

Medical consultancy charges increased by ₹371.7 million, or by 21.3%, from ₹1742.2 million in Fiscal Year 2018 to ₹2113.8 million in Fiscal Year 2019 due to opening of new centers and hence growth in number of patients treated.

Our lease rental expenses increased by ₹140.7 million, or by 33.3% from ₹422.6 million in Fiscal Year 2018 to ₹563.2 million in Fiscal Year 2019. This was primarily due to addition of new units as well as increase in rent in existing centers as part of periodic rent escalation.

Our repairs and maintenance expenses increased by ₹11.6 million, or by 4.7%, from ₹245.8 million in Fiscal Year 2018 to ₹257.4 million in Fiscal Year 2019. As a % of revenue, the same was at 2.6% for Fiscal year 2019, when compared to 2.9% in Fiscal year 2018.

Our Power, fuel and water expenses increased by ₹59.3 million, or by 25.9%, from ₹228.9 million in Fiscal Year 2018 to ₹288.2 million in Fiscal Year 2019. This was primarily due to addition of new units at Borivali, Nagpur as well as new center being managed by HCG at Suchirayu, Hubli, Kolkata and Jaipur.

Our Housekeeping and Security expenses increased by ₹32.4 million, or by 15.9%, from ₹204.3 million in Fiscal Year 2018 to ₹236.7 million in Fiscal Year 2019. However, as a % of revenue the same remained stable at 2.4% in Fiscal year 2019 as against 2.4% in Fiscal year 2018.

Profit/ (Loss) before tax and exceptional items

Our profit before tax and exceptional items was ₹(223.9) million in Fiscal Year 2019 as compared to a profit before tax amounting to ₹178.1 million in Fiscal Year 2018.

Exceptional Items

There was no exceptional gain in Fiscal year 2019. Exceptional gain for the Fiscal year 2018 of ₹107.7 million, was primarily on account of gain arising from change (loss) in control in HCG Africa as well as gain arising from sale of our investment in Kanpur unit wherein HCG had held 51% stake.

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 ₹109.8 million in the current fiscal year.

Tax expense

We recorded net current tax of ₹(11.0) million and deferred tax credit of ₹14.0 million in Fiscal Year 2019 as a result of which net tax liability for FY 19 was ₹(25.0) million. We recorded net current tax of ₹135.5 million and deferred tax credit of ₹33.1 million in Fiscal Year 2018 as a result of which net tax liability for FY 18 was ₹102.4 million.

Profit/(Loss) after tax before share of profit/(loss) of minority interest

Our profit after tax before share of profit/(loss) of minority interest was ₹(308.7) million in Fiscal Year 2019 as compared to a profit after tax before share of profit/(loss) of minority interest amounting to ₹169.4 million in Fiscal Year 2018.

Share of profit/ (loss) of minority interest

Minority's share of loss was ₹60.8 million in Fiscal Year 2019 as compared to a loss of ₹35.9 million in Fiscal Year 2018. This was

primarily on account of increased share of loss contributed by new units operationalized during the year where HCG has majority stake.

Net profit/ (loss) for the year

As a result of the foregoing, our net profit for the year was ₹(248.0) million in Fiscal Year 2019 as compared to a net profit amounting to ₹205.2 million in Fiscal Year 2018.

Assets

The following table sets out the principal components of our assets as at March 31, 2019 and 2018.

Particulars	In Mn.	
	As at March 31,	
	2019	2018
Non-current assets		
Property, plant and equipment	8,515.4	7,125.7
Capital work in progress	1,526.3	1,739.7
Goodwill	1,093.4	1,093.4
Other intangible assets	93.3	58.1
Investments in equity accounted investees	384.4	480.5
Financial assets		
-Investments	106.1	51.3
-Loans	367.3	98.6
-Other financial assets	217.5	496.0
Deferred tax assets (net)	268.6	231.0
Income tax assets (net)	553.9	211.1
Other non-current assets	679.7	650.4
Total non-current as-sets	13,805.9	12,235.7
Current Assets		
Inventories	267.7	240.3
Financial Assets		
-Trade Receivables	1,568.9	1,284.4
-Cash and cash equivalents	205.2	288.0
-Bank balance other than cash and cash equivalents above	3.5	-
-Loans	142.1	31.2
-Other financial assets	242.5	140.6
Other current assets	299.7	216.6
Total current assets	2,729.6	2,200.9
Total assets	16,535.5	14,436.6

We had property, plant and equipment amounting to ₹8515.4 million as at March 31, 2019 and ₹7125.7 million as at March 31, 2018. 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 and Nagpur.

Our Capital Work-in-progress of 1526.3 million as of March 31, 2019 was primarily on account of new projects which are under development that include comprehensive cancer care centers in South Mumbai, Kolkata and Jaipur.

We had goodwill amounting to ₹1,093.4 million as of March 31, 2019 and ₹1,093.4 million as of March 31, 2018. 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.

Our Investments in equity accounted investees primarily consist of investments made in Healthcare Global Africa Private Limited amounting to ₹244.7 million as well as Strand Life Sciences Private Limited amounting to ₹139.7 million

The increase in our other intangible assets from ₹58.11 million as of March 31, 2018 to ₹93.3 million as of March 31, 2019 was primarily on account of software licenses for ERP and Hospital Information Systems (HIS).

We had non-current investments of ₹106.1 million as of March 31, 2019 and ₹51.3 million as of March 31, 2018. We had non-current loans amounting ₹367.3 million primarily on account of Inter Corporate

Deposit as of March 31, 2019 and ₹98.6 million as of March 31, 2018.

We had other non-current financial assets of ₹217.5 million as of March 31, 2019 and ₹496.0 million as of March 31, 2018. This primarily comprises of Term Deposits amounting to ₹196.9 million as on March 31, 2019.

Our Deferred Tax Assets increased to ₹268.6 million as of 31 March 2019 from ₹231.0 million as of 31 March 2018. Our income tax assets increased to ₹553.9 million as of 31 March 2019 from ₹211.1 million as of 31 March 2018 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 ₹679.7 million and ₹650.4 million as at March 31, 2019 and 2018 respectively and the increase is on account of our capital advances by ₹44.8 million, which primarily pertaining to projects under development.

We had outstanding net trade receivables amounting to ₹1,568.9 million and ₹1,284.4 million as at March 31, 2019 and 2018 respectively. We made provisions for doubtful trade receivables amounting to ₹378.8 million and ₹340.1 million as

at the end of March 31, 2019 and 2018 respectively. Our trade receivables comprise receivables from government payors, corporate bodies, insurers and patients who pay directly to us.

We had loans amounting to ₹142.1 million as of March 31, 2019 as against ₹31.2 million as of March 31, 2018. The increase in loans was primarily on account of inter corporate deposits of ₹105 million.

We had other current financial assets of ₹242.5 million as of March 31, 2019 as against ₹140.6 million as of March 31, 2018 and other current assets of ₹299.7 million as of March 31, 2019 as against ₹216.6 million as of March 31, 2018. Our other current financial assets primarily comprise of unbilled receivables amounting to ₹159.5 million and Term Deposits amounting to ₹57.0 million, while other current assets consist of advance to vendors amounting to ₹153.3 million, prepaid expenses of ₹60.6 million, and rental advance of ₹37.1 million as on March 31, 2019.

Liabilities and Indebtedness

Liabilities

The following table sets forth the principal components of our liabilities as at March 31, 2019 and 2018

In Mn.

Particulars	As at March 31,	
	2019	2018
Non-current Liabilities:		
Financial Liabilities		
-Borrowings	5,169.1	3,724.3
-Other financial liabilities	228.4	915.7
Provisions	56.4	51.0
Deferred tax liabilities	39.7	37.7
Other non-current liabilities	346.8	330.1
Total non-current liabilities	5,840.4	5,058.8
Current liabilities		
Financial liabilities:		
-Borrowings	499.9	17.4
-Trade payables	1,816.6	1,424.7
-Other financial liabilities	2,760.7	1,764.4
Other current liabilities	322.8	285.3
Provisions	72.8	56.0

Particulars	In Mn.	
	As at March 31,	
	2019	2018
Income tax liabilities (net)	0.3	39.8
Total current liabilities	5,473.1	3,587.6
Total liabilities	11,313.5	8,646.4

A significant portion of our liabilities comprise of non-current borrowings. We had non-current borrowings amounting to ₹5169.1 million and ₹3724.3 million as at March 31, 2019 and 2018 respectively.

Our other non-current financial liabilities as at March 31, 2019 was ₹228.4 million from ₹915.7 million as at March 31, 2018. The reduction in non current financial liability was primarily on account of the exercise of Put Option by BACC

Our other non current liabilities primarily comprise of Deferred

Government grant 330.8 million as of March 31, 2019

We had outstanding trade payables amounting to ₹1816.6 million and ₹1424.7 million as at March 31, 2019 and 2018 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 ₹2760.7

million and ₹1764.4 million as at March 31, 2019 and 2018 respectively. These primarily comprised current maturities of long-term debts amounting to ₹910.0 million and ₹887.3 million, current liability on written put option of ₹481.8 million and ₹417.7 million; and payable on purchase of fixed assets amounting to ₹319.5 million and ₹217.7 million as at March 31, 2019 and 2018 respectively.

Our other current liabilities amounted to ₹322.8 million and ₹285.3 million as at March 31, 2019 and 2018 respectively. This was primarily comprised of advance from customers amounting to ₹210.3 million and ₹204.4 million and Statutory remittances amounting to ₹73.9 million and ₹60.9 million as at March 31, 2019 and 2018 respectively.

Indebtedness

Particulars	In Mn.	
	As at March 31,	
	2019	2018
Secured Loans		
-Term loans from banks	2,405.5	2,518.5
-Term loans from other parties	1,615.9	34.3
-Vehicle Loans	6.3	8.0
-Working capital loans	499.9	17.4
Total secured loans	4,527.6	2,578.2
Unsecured loans		
-Deferred payment liabilities	1,481.3	1,489.3
-Long term maturities of Finance lease obligations	563.7	555.2
-From other parties	6.4	6.4
Total Unsecured loans	2,051.4	2,050.9
Total Borrowings	6,580.1	4,629.0
Total Borrowings represented by:		
Long-term borrowings	5,169.1	3,724.3
Short-term borrowings	499.9	17.4
Current maturities of long-term borrowings (included in other current liabilities)	910.03	887.3
Total	6,580.1	4,629.0

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, 2019, we had ₹6580.0 million of indebtedness outstanding. All of our indebtedness outstanding as at March 31, 2019 was denominated in Indian Rupees except for U.S.\$ 22.36 million and Euros 1.56 million in outstanding loans taken from various equipment vendors.

Summary of cash flow statement:

Particulars	In Mn.	
	For the Fiscal year ended March 31	
	2019	2018
Net cash flow generated from/(used in) operating activities	985.0	978.1
Net cash flow generated from/(used in) investing activities	(2,382.0)	(2,817.0)
Net cash flow generated from/(used in) financing activities	835.1	1,612.9
Net cash flows generated for the year	(561.8)	(226.0)

Cash flow generated from/ (used in) operating activities

For the fiscal year ended March 31 2019, we had Profit (Loss) before tax of ₹(333.7) million and our operating profit before working capital changes was ₹1,334.4 million. Our cash generated from operations after adjusting for changes in working capital was ₹1,355.5 million. This reflected cash inflow on account of an increase in trade and other payable by ₹461.7 million; and cash outflow on account of an increase in trade receivables by ₹327.6 million and an increase in inventories by ₹27.5 million. After adjusting for changes in working capital and a net income tax payment amounting to ₹370.5 million, our net cash flow generated from operating activities was ₹985.0 million for the fiscal year ended in March 31 2019.

Cash flow generated from/ (used in) investing activities

For the fiscal year ended March 31, 2019, our net cash flow used in

investing activities was ₹2,382.0 million. This reflected payments for property, plant and equipment including margin money deposits

amounting to ₹1,990.6 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 generated from/ (used in) financing activities

For the fiscal year ended March 31, 2019, our net cash flow generated from financing activities was ₹835.1 million. This primarily reflected proceeds from borrowings amounting to ₹3,827.4 million, proceeds from minority shareholders in subsidiaries amounting to ₹55.6 million, which were partially offset by repayment of borrowings amounting to ₹2,532.0 million and interest paid amounting to ₹516.8 million.

Ratio Analysis: Snapshot of 2019 and 2018.

Particulars	In Mn.	
	For the Fiscal year ended March 31	
	2019	2018
Ratio- Leverage		
Debt/Equity	1.3	0.8
EBITDA/Interest	1.9	3.1
Ratio Profitability		
Operating Profit Margin (in %)	13.4	15.6
Net Profit Margin (in %)	(2.5)	2.4
Return on equity (in %)	(4.7)	4.3
RoCE (in %)	6.8	8.3
Ratios Operations		
Inventory Turnover Ratio	8.6	8.8
Current Ratio	0.5	0.5
Ratio- Per Share		
EPS	(2.8)	2.3
P/E	(76.5)	122.9
Market Capitalisation/Total Revenue*	1.9	3.0

*Based on Closing share price as on 31st March 2019 on BSE

Notes:

1. Return on Equity: PAT/Average Shareholder Equity
2. RoCE: EBIT/Average capital Employed
3. Inventory Turnover Ratio: COGS/Average Inventory of FY18 and FY19
4. Current Ratio: Current Assets /Current Liabilities
5. EPS: PAT post Minority Interest/No. of diluted shares outstanding
6. P/E: Closing share price as on March 31, 2019 as on BSE/EPS

Credit Rating:

The long-term credit rating of HCG for FY 19 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.

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.

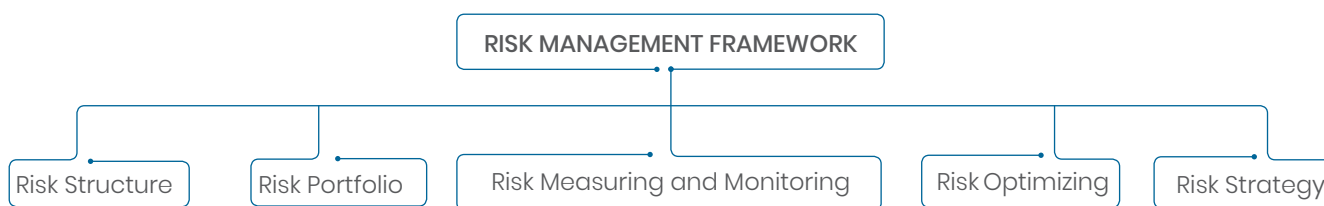
Accordingly, risk management activities at HCG are not aimed at eliminating all risks in their entirety, but rather at helping to identify and assess the risks the company encounters in its daily business. This allows the company to manage the risks in an efficient manner to take informed decisions, 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.

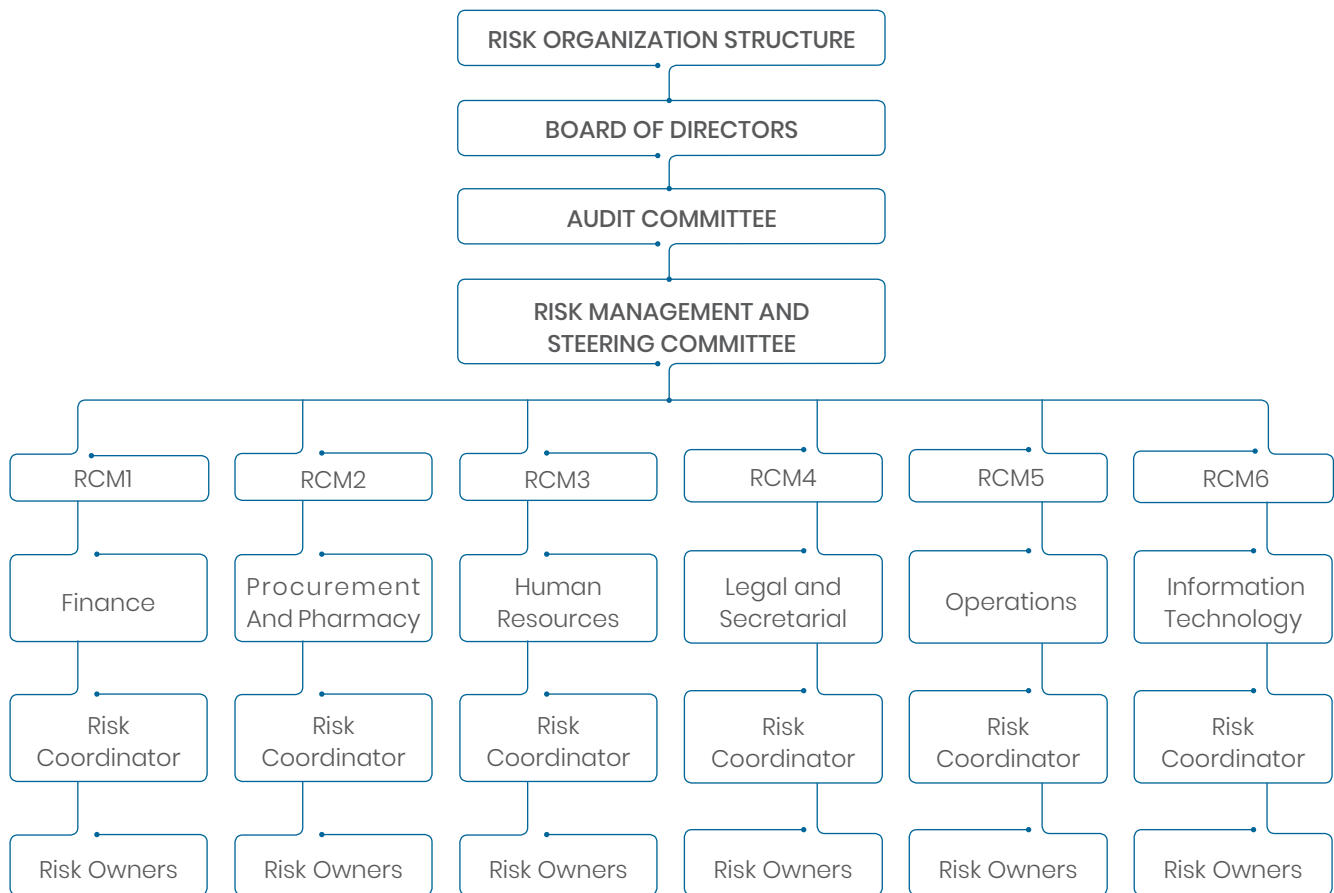
The escalation of key risk information will assist in ensuring that significant risks identified at the line level are available for consideration in the context of the overall operations of the business.

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 STATEMENT LOOKING

Except for the historical information contained herein, statements in this discussion contain certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the

forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry.

The Company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company’s financial Statements included herein and the notes thereto.

Standalone Financial Statements



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 balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and 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 2019, and profit and other comprehensive income, 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.

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 period. 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.

Key audit matter

Impairment testing of goodwill and investments in subsidiaries

Goodwill and investments are significant items on the balance sheet. With respect to investment in subsidiaries, Management 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, management performs impairment testing. For Goodwill, Management performs impairment testing annually.

In performing such impairment assessments, Management compares the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill/investments have been allocated with their respective 'value in use' computed based on discounted cash flow method and/or market comparable method to determine if any impairment loss should be recognized.

How our audit addressed the key audit matter

Our audit procedures on testing for impairment of goodwill and investments in subsidiaries primarily includes the following:

- test of design and operating effectiveness of internal controls process relating to impairment testing;
- evaluated management's identification of CGU's, the carrying value of each CGU and the methodology followed by management for the impairment assessment in compliance with the prevailing accounting standards;
- evaluated appropriateness of key assumptions included in the future cash flow forecasts used in computing recoverable amount of each CGU, such

Key audit matter

We focused on this area due to the magnitude of the carrying amounts of these assets and the fact that significant judgments were required by Management (i) to identify whether any impairment indicators existed for any of these assets during the year; and (ii) to compute and determine the appropriate impairment approaches, i.e. fair value less costs of disposal or value in use.

Refer note 6 and 7 to the standalone financial statements.

Property, plant and equipment

During the current year, the Company has been involved in establishing new units and expansion of existing units at several locations. The Company has incurred significant capital expenditure and Property, plant and equipment (PPE) is a significant item on the balance sheet. Judgment is required in determining timing of capitalization and the nature of costs capitalized.

Refer note 5 to the standalone financial statements.

How our audit addressed the key audit matter

as, revenue growth rates, profitability, discount rates etc., with reference to our understanding of their business and historical trends; and

- re-computation of impairment workings to verify mathematical accuracy and verify the appropriateness of the disclosure in the standalone financial statements.

Our audit procedures on PPE in response to the identified key audit matter include:

- test of design and operating effectiveness of internal controls process relating to capitalization of PPE;
- testing on a sample basis, additions to PPE to verify the existence, nature of costs capitalized with underlying supporting documents/ management certification and classification of PPE;
- verify on a sample basis, internal management or external expert certification on timing of capitalization; and
- inquired with management on variances between actual expenditure and the related budgets.

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 standalone 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, 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 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, 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 the accuracy and completeness of the accounting

records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

(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 balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 2019 on its financial position in its standalone financial statements – Refer Note 31 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 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(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 **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Bengaluru

Date: 23 May 2019

Annexure–A to the Independent Auditor's Report of even date on the standalone financial statements 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 2019, 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:

(₹ in millions)			
Total number of cases	Gross block	Net Block	Remarks, if any
Freehold land -3 cases	132.08	132.08	
Building – 3 cases	455.61	357.42	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 are not 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 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 Provident fund, Employees' State Insurance, Income-tax, 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.

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 2019, 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	2.5 (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	29.80 (8.9)*	Financial year 2013-14 to financial year 2014-15	Joint Commissioner, Department of Commercial Taxes, Bangalore
The Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	6.11 (1.38)*	Financial year 2013-14	Deputy Commissioner of Commercial Taxes, Bangalore
The Central Sales Tax Act, 1956	Value Added Tax	18.86 (1.38)*	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, no amounts have been raised from the preferential allotment of

shares during the year as the allotment was the consideration towards business acquisition by the Company.

- (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 **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Bengaluru
Date: 23 May 2019

Annexure B to the Independent Auditors' Report

on the standalone financial statements of HealthCare Global Enterprises Limited for the year ended 31 March 2019

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 (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 2019 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 2019, 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 **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Bengaluru
Date: 23 May 2019

Balance Sheet

(₹ in million)

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,916.37	4,390.74
(b) Capital work-in-progress	5	1,041.14	791.11
(c) Goodwill	6	484.52	484.52
(d) Other intangible assets	6	66.97	44.75
(e) Financial assets			
(i) Investments	7	2,990.36	2,188.45
(ii) Loans	8	452.32	338.29
(iii) Other financial assets	9	793.20	293.47
(f) Deferred tax assets (net)	30.3	31.42	91.02
(g) Income tax assets (net)	30.4	464.19	174.65
(h) Other non-current assets	10	489.21	349.28
Total non-current assets		11,729.70	9,146.28
Current assets			
(a) Inventories	11	163.40	171.03
(b) Financial assets			
(i) Trade receivables	12	1,455.99	1,262.13
(ii) Cash and cash equivalents	13	85.40	153.11
(iii) Loans	8	128.39	29.21
(iv) Other financial assets	9	241.39	181.40
(c) Other current assets	10	231.50	179.51
Total current assets		2,306.07	1,976.39
TOTAL ASSETS		14,035.77	11,122.67
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	879.19	869.04
(b) Share pending issuance	14.6	-	299.75
(c) Other equity	15	5,568.00	5,215.61
Total equity		6,447.19	6,384.40
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	3,461.49	2,172.43
(ii) Other financial liabilities	17	297.53	221.13
(b) Provisions	19	43.90	37.29
(c) Other non-current liabilities	18	119.11	100.21
Total non-current liabilities		3,922.03	2,531.06

Balance Sheet

(₹ in million)

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	499.88	17.35
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		1.39	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,351.18	1,144.24
(iii) Other financial liabilities	17	1,559.18	781.27
(b) Other current liabilities	18	194.41	212.38
(c) Provisions	19	60.51	51.97
Total current liabilities		3,666.55	2,207.21
TOTAL EQUITY AND LIABILITIES		14,035.77	11,122.67
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 **BSR & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place : Bengaluru

Date : 23 May 2019

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Statement of Profit and Loss

(₹ in million)

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
I Income			
Revenue from operations	21	6,404.99	5,862.67
Income from government grants	22	9.26	5.99
Other income	23	125.50	159.26
Total Income (I)		6,539.75	6,027.92
II Expenses			
Purchases of medical and non-medical items		1,525.40	1,578.23
Changes in inventories of medical and non-medical items	24	7.67	(26.65)
Employee benefits expense	25	1,303.21	1,155.84
Finance costs	26	478.10	267.96
Depreciation and amortisation expense	27	471.72	439.20
Other expenses	28	2,628.00	2,273.97
Total expenses (II)		6,414.10	5,688.55
III Profit before exceptional items and tax (I- II)		125.65	339.37
IV Exceptional items	29	-	29.35
V Profit before tax (III+IV)		125.65	368.72
VI Tax expense			
(1) Current tax expenses/(credit)	30.1	(28.30)	86.30
(2) Deferred tax expenses	30.1	81.50	33.52
Total tax expense		53.20	119.82
VII Profit for the year (V-VI)		72.45	248.90
VIII Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans		1.20	(2.99)
- Income tax effect on (i) above	30.2 & 30.3	(0.40)	1.03
(ii) Items that will be reclassified to profit or loss			
- Effective portion of loss on hedging instruments in a cash flow hedge		(64.30)	-
- Income tax on (ii) above	30.2 & 30.3	22.34	-
Other comprehensive expenses for the year, net of tax		(41.16)	(1.96)
XI Total comprehensive income for the year (VII+VIII)		31.29	246.94
Earnings per share:			
Basic (in ₹)	33.1	0.83	2.89
Diluted (in ₹)	33.2	0.82	2.89
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

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

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

Srinivasa Raghavan
Chief Financial Officer

Dr. Ramesh B.S.
Director
DIN: 00518434

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : 23 May 2019

Place : Bengaluru
Date : 23 May 2019

Place : Bengaluru
Date : 23 May 2019

Cash Flow Statement

(₹ in million)

Particulars	Note No	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Profit before tax for the year		125.65	368.72
Adjustment for :-			
Finance costs		478.10	267.96
Gain on investment revalued at FVTPL		(3.34)	(3.61)
Gain on sale of mutual fund		-	(1.14)
Guarantee commission income		(31.15)	(19.45)
Loss on disposal of property, plant and equipment		0.13	0.35
Provision for bad and doubtful trade receivables and advances		34.43	(63.45)
Interest income		(59.66)	(92.83)
Income from government grant		(9.26)	-
Bad debts written off		-	100.11
Depreciation and amortisation expense		471.72	439.20
Payables no longer required written-back		-	(22.00)
Expense on employee stock option scheme		30.56	27.09
Exceptional items:			
Gain on sale of a unit	29.1	-	(61.37)
Gain on sale of subsidiary	29.2	-	(44.44)
Net loss pertaining to closure of Delhi unit	29.3	-	76.46
Net foreign exchange (gain)		(5.06)	-
Movements in working capital:			
Changes in trade and other receivables		(214.22)	(339.92)
Changes in inventories		7.63	(36.27)
Changes in loans, financial assets and other assets other than security deposits		(60.87)	(63.83)
Security deposits paid		(24.78)	(101.80)
Changes in trade payables, financial liabilities and other liabilities		391.00	134.19
Changes in provisions		16.40	20.39
Changes in other liabilities		(16.20)	64.19
Cash generated from operations		1,131.08	648.55
Income taxes paid (net of refunds)		(261.20)	14.90
Net cash generated by operating activities (A)		869.88	663.45
Cash flows from investing activities			
Margin money deposits, net		(24.34)	(14.90)
Inter-corporate deposits paid		(57.00)	(818.00)
Proceeds from repayment of inter-corporate deposits		20.00	804.30
Acquisition of property, plant and equipment		(1,234.37)	(1,041.40)
Interest received		31.66	37.26
Investment in subsidiaries		(692.13)	(698.95)
Investment in associates		(5.33)	-
Investment in debentures		-	(50.00)

Cash Flow Statement

(₹ in million)

Particulars	Note No	Year ended 31 March 2019	Year ended 31 March 2018
Redemption of debentures		-	50.00
Proceeds from sale of investment in subsidiary	29.2	-	212.31
Loans to related parties		(6.07)	(240.07)
Proceed of Loan repayment from related parties		5.40	-
Proceeds from disposal of property, plant and equipment		0.96	3.70
Acquisition of business, net of cash and cash equivalents	43	(70.25)	(78.94)
Investment in other companies		(51.47)	(3.14)
Payment to minority shareholder with respect to the merged entity (net)	47	-	(9.15)
Gain on sale of mutual funds		-	1.14
Net cash (used in) investing activities (B)		(2,082.94)	(1,845.84)
Cash flows from financing activities[§]			
Proceeds from issue of equity instruments of the Company		0.93	348.09
Proceeds from borrowings*		2,578.04	2,197.00
Repayment of borrowings*		(1,519.70)	(1,406.13)
Interest paid		(396.45)	(228.66)
*Includes ₹ 182 million (FY 18 ₹ 540.59 million) of term loans drawn from banks towards settlement of deferred payment obligations.			
Net cash generated by financing activities (C)		662.82	910.30
Net decrease in cash and cash equivalents (A+B+C)		(550.24)	(272.09)
Cash and cash equivalents at the beginning of the year	13	135.76	408.07
Cash and cash equivalents on sale of unit during the year		-	(0.22)
Cash and cash equivalents at the end of the year (refer note 13)	13	(414.48)	135.76

[§]Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2019

(₹ in million)

Particulars	Term loan from bank and others	Deferred payment liabilities	Vehicle loan	Finance leases	Other borrowing cost	Total
Debt as at 1 April 2018	1,630.55	423.88	7.78	555.17	-	2,617.38
Interest accrued but not due as at 1 April 2017	13.95	-	-	107.55	-	121.50
Cash flows including interest paid	723.64	152.48	(2.06)	(67.17)	(145.00)	661.89
- Ind AS adjustment with respect to unamortised loan processing charges	(14.81)	-	-	-	-	(14.81)
- Unrealised forex arrangement	-	28.49	-	-	(29.29)	(0.80)
- Interest expense*	204.90	11.67	0.49	81.25	179.79	478.10
- Interest on business acquisition	-	-	-	-	(5.50)	(5.50)
Interest accrued but not due as at 31 March 2019	(15.12)	-	-	(121.63)	-	(136.75)
Debt as at 31 March 2019	2,543.11	616.52	6.21	555.17	-	3,721.01

*Interest on other borrowing cost include interest on Short term borrowings, premium on forward contracts, foreign exchange loss regarded as borrowing cost, bank charges etc.

Cash Flow Statement

Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2018

(₹ in million)

Particulars	Term loan from bank and others	Deferred payment liabilities	Vehicle loan	Finance leases	Total
Debt as at 1 April 2017	494.11	781.64	1.94	490.55	1,768.24
Interest accrued but not due as at 1 April 2017	29.95	-	-	72.73	102.68
Cash flows including interest paid**	1,036.61	(378.24)	5.39	(45.55)	618.21
Other Changes					
- Ind AS adjustment with respect to unamortised loan processing charges	(36.79)	-	-	-	(36.79)
- Unrealised forex Adjustment	-	1.01	-	-	1.01
- Interest expense*	120.62	19.47	0.44	70.42	210.95
- Finance lease arrangement for the year	-	-	-	74.57	74.57
Interest accrued but not due as at 31 March 2018	(13.95)	-	-	(107.55)	(121.50)
Debt as at 31 March 2018	1,630.55	423.88	7.77	555.17	2,617.37

**The above interest paid does not include other borrowing costs and interest paid of ₹ 56.01 million in respect of other facilities like bank overdraft which is not considered above.

*Interest expense accrued for the year has been converted to borrowings.

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 **BSR & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place : Bengaluru

Date : 23 May 2019

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

a. Equity share capital

Particulars	No of Shares	(₹ in million)
Balance as at 01 April 2017	85,712,986	857.13
Changes in equity share capital during the year		
(a) Issue of equity shares pursuant to preferential allotment (refer note 14.1)	1,166,667	11.66
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 37(c))	24,820	0.25
Balance as at 31 March 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

b. Share pending issuance

Balance as at 01 April 2017
Add: During the year (refer note 43)

Balance as at 31 March 2018

Less: Share issued during the year (refer note 14.1 & 14.6)

Balance as at 31 March 2019

c. Other equity

Particulars	Note No.	Reserves and surplus			Items of other comprehensive income		Total other equity
		Securities premium	Share options outstanding account	Retained earnings	Amalgamation adjustment deficit account (refer note 47)	Cash flow hedging reserve	
Balance as at 01 April 2017		4,945.44	12.17	(339.49)	(23.47)	-	4,594.76
Profit for the year		-	-	248.90	-	-	248.90
Other comprehensive income for the year (net of tax)		-	-	-	-	-	(1.96)
Adjustment towards common control transaction (refer note 47)		-	-	-	9.56	-	9.56
Total comprehensive income		-	-	248.90	9.56	-	256.50

(₹ in million)

Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

c. Other equity (contd..)

(₹ in million)

Particulars	Note No.	Reserves and surplus			Items of other comprehensive income			Total other equity
		Securities premium	Share options outstanding account	Retained earnings	Amalgamation adjustment deficit account (refer note 47)	Cash flow hedging reserve	Remeasurements of the defined benefit plan	
Transactions recorded directly in equity								
Premium received on shares issued during the year		338.34	-	-	-	-	-	338.34
Share issue expenses incurred during the year	15.1	(1.08)	-	-	-	-	-	(1.08)
Transferred to Securities premium account on exercise of ESOPs	15.2	2.18	(2.18)	-	-	-	-	-
Expense on employee stock option scheme		-	27.09	-	-	-	-	27.09
Balance as at 31 March 2018		5,284.88	37.08	(90.59)	(13.91)	-	(1.85)	5,215.60
Profit for the year		-	-	72.45	-	-	-	72.45
Other comprehensive income for the year (net of tax)		-	-	-	-	(41.96)	0.80	(41.16)
Total comprehensive income		-	-	72.45	0.00	(41.96)	0.80	31.29
Transactions recorded directly in equity								
Premium on shares issued during year	15.1	290.63	-	-	-	-	-	290.63
Share issue expenses incurred during the year	15.1	(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		-	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

Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

c. Other equity (contd..)

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

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.

Remeasurement of defined benefit plan

This represents the actuarial gain and losses on defined benefit plan (excluding interest).

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 : 23 May 2019

for and on behalf of the Board of Directors

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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 2019 were approved by the Board of Directors and authorised for issue on 23 May 2019.

2.1 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

The Company has positive operating cash flows during the year and expects continuous increase in operating cash flows in future periods. As at the balance sheet date, the Company’s current liabilities exceeds its current assets, however, considering positive operating cash flows, current and in future periods, and also the unutilized approved sanction limits available with banks, which would suffice to meet all its obligations and discharge all liabilities including planned investing activities, the financial statements are prepared on a going concern basis.

(c) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (Rs), 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
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 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.

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

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 35 - Leasing arrangements.
- Note 37 - Share based payments.
- Note 38 - Financial instruments.
- Note 5 - Property, plant and equipment: Timing of capitalisation and nature of cost capitalised

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 5 - Estimation of useful life of property, plant and equipment
- Note 40 - Impairment of financial assets.
- Note 30.3 - Deferred tax balances (net).
- Note 31 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- Note 36 - Employee benefit plans: key actuarial assumptions.
- Note 6 - Goodwill impairment assessment

(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 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 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 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

Effective 01 April 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method. The adoption of this standard does not have a material impact on the revenue from operations and the statement of profit/loss for the year ended 31 March 2019. Accordingly, the comparatives were not restated

given the Company adopted the standard using modified retrospective method. The comparatives continue to be reported under Ind AS 18 and Ind AS 11.

Medical services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Revenue 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 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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

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

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

Rental expense from operating leases is generally recognised on a straight-line basis over the

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

(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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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.

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

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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, 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(i) 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.

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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 through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

(ii) Non-financial assets

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 its 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.

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for the year ended 31 March 2019

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.

(r) Investment in subsidiaries and joint ventures

(i) Initial recognition

The acquired investment in subsidiaries and joint ventures are measured at acquisitions 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.

4 New accounting standards not yet adopted

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified certain amendments to Indian Accounting Standards (Ind AS). All these amendments have not been applied by the Company as these are effective from financial year beginning on or after 1 April 2019.

(a) Ind AS 116- Leases

On 30 March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 'Leases' (new lease standard), which replaces

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for the year ended 31 March 2019

Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt these standards, effective from 1 April 2019, using the modified retrospective approach with recognition of right to use the asset as same amount as lease liability, with no restatement of comparative information.

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

(b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax credits and tax rates, when there is uncertainty over Income Tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment

when determining taxable profit (or loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible method of transition – i) Full retrospective approach– Under this approach, Appendix C will be applied retrospectively to each reporting period presented in accordance with Ind AS 8 – Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual period beginning on or after 1 April 2019. The Company is in the process of evaluating the impact of the new standard and decide the approach once the said evaluation has been completed.

The adoption of this amendment is not expected to be material on the standalone financial statements.

(c) Amendment to Ind AS 19 – plan amendment, curtailment or settlement:

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity: a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company does not expect any significant impact of this amendment on its standalone financial statements.

(d) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on the standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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 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 2017	402.86	637.26	397.27	393.84	2,913.51	53.82	62.06	79.20	46.40	26.89	19.71	5,032.82	334.14
Additions (refer note 18)**	-	39.44	79.55	45.84	399.36	-	8.89	10.10	25.89	4.93	10.42	624.42	798.78
Disposals	-	-	-	(43.32)	(103.97)	-	(1.60)	(3.17)	(2.16)	-	(3.07)	(157.29)	(100.30)
Sale of Triesta unit during the year (refer note: 291)	-	-	-	(16.28)	(129.91)	-	(6.89)	(3.88)	(7.56)	(0.06)	-	(164.58)	(36.31)
Exchange fluctuation	-	-	-	-	(2.96)	-	-	-	-	-	-	(2.96)	-
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	(205.20)
Acquired through business combination (refer note 43)	-	-	-	-	9.17	-	1.60	1.37	0.41	0.05	0.20	12.80	-
Adjustment**	-	-	-	-	53.82	(53.82)	-	-	-	-	-	-	-
Balance as at 31 March 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 18)	-	14.03	4.21	129.95	732.60	-	4.94	32.78	2.012	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	-
Capitalised 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
II. Accumulated depreciation and impairment													
Balance as at 01 April 2017	-	30.07	33.13	61.04	456.40	12.68	18.09	23.87	21.25	12.80	2.69	672.02	-
Eliminated on disposal of assets (refer note 29.3)	-	-	-	(21.24)	(71.45)	-	(1.19)	(2.84)	(1.63)	-	(1.57)	(99.92)	-
Sale of Triesta unit during the year (refer note 29.1)	-	-	-	(4.01)	(23.74)	-	(2.86)	(1.85)	(4.14)	-	-	(36.60)	-
Adjustment	-	-	-	-	20.89	(20.89)	-	-	-	-	-	-	-
Depreciation expense	-	14.50	17.84	35.67	300.41	8.21	8.22	12.54	14.59	3.29	3.70	418.97	-
Balance as at 31 March 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	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	-
Net block as at 31 March 2018	402.86	632.13	425.85	308.62	2,456.51	-	41.80	51.90	32.91	15.72	22.44	4,390.74	791.11
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

Refer note 16 for details of charge created on fixed assets

*Directly attributable to expenditure capitalised of ₹ 265.39 million (PY 18 ₹ 310.25 million) of which borrowing cost capitalised is ₹ 30.16 million, (PY 18 ₹ 0.82 million)

**Pertain to assets classified as finance lease till earlier year. During the previous year, on account of settlement of lease obligation this has been transferred to owned assets.

‡Additions includes government grant recognised at fair value. (refer note 18)

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

6 Goodwill and other intangible assets

(₹ in million)

Description of assets	Goodwill (refer note (i) below)	Other intangible assets		Total
		Computer software	Software for plant and machinery	
I. Gross block				
Balance as at 01 April 2017	-	71.99	3.42	75.41
Additions	-	5.81	-	5.81
Acquired through business combination (refer note 43)	484.52	-	-	-
Sale of Triesta unit (refer note 29.1)	-	(2.84)	-	(2.84)
Balance as at 31 March 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
II. Accumulated amortisation and impairment losses				
Balance as at 01 April 2017	-	11.58	3.42	15.00
Amortisation expense for the year	-	20.23	-	20.23
Sale of unit	-	(1.60)	-	(1.60)
Balance as at 31 March 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
Net block as at 31 March 2018	484.52	44.75	-	44.75
Net block as at 31 March 2019	484.52	66.97	-	66.97

Refer note 16 for details of charge created on intangible asset.

- (i) The key assumptions used in the estimation of the recoverable amount of Goodwill are set out below:

Assumptions	31 March 2019	31 March 2018
	Values in %	Values in %
Annual growth rate	10% to 20%	20% to 22%
Terminal growth rate	5%	5%
Discount rate	15.80%	19.94%

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.

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for the year ended 31 March 2019

7 Investments

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
A) Non current investment		
i) Investment carried at cost*		
a. Unquoted equity instruments		
(i) In subsidiary companies		
Malnad Hospital & Institute of Oncology Private Limited (66,706 (31 March 18: 66,706) equity shares of ₹ 100/- each, fully paid up)	6.44	6.44
Niruja Product Development and Healthcare Research Private Limited (50,000 (31 March 18: 50,000) equity shares of ₹ 10/- each, fully paid up)	0.50	0.50
HealthCare Global Senthil Multi-Specialty Hospital Private Limited (net of provision for decline, other than temporary, in the carrying amount of ₹ 8.38 million) (92,980 (Previous year 92,980) equity shares of ₹ 100/- each, fully paid up)	-	-
HCG Medi-surge Hospitals Private Limited (4,120,807 (31-March-18: 4,120,807) equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 12.97 per share)	145.09	122.67
BACC HealthCare Private Limited (46,883 (31-March-18: 46,883) Equity shares of ₹ 10/- each, fully paid up along with a premium of 12,836.40 per share)	602.97	602.97
HCG (Mauritius) Private Limited (361,002 (31-March-18: 361,002) Equity shares of USD 1/- each, fully paid up)	24.17	24.17
(ii) In subsidiary limited liability partnerships		
HCG Diwanchand Imaging LLP (75% (31-March-18: 75%) share of fixed capital contribution)	32.47	32.47
Apex HCG Oncology Hospitals LLP# (100% (31-March-18: 50.01%) share of fixed capital contribution)	757.84	301.74
HCG Oncology LLP (74% (31-March-18: 74%) share of fixed capital contribution)	102.10	85.65
HCG NCHRI Oncology LLP (76% (31-March-18: 76%) share of fixed capital contribution)	235.67	167.16
HCG EKO LLP (50.50% (31-March-18: 50.50%) share of fixed capital contribution)	114.12	52.29
HCG Manavata Oncology LLP (51% (31-March-18: 51%) share of fixed capital contribution)	489.70	459.88
HCG SUN Hospitals LLP (74% (31- March-18: 74%) share of fixed capital contribution)	127.87	41.24

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

7 Investments (Contd..)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
<p>#During the 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.</p>		
(iii) In joint venture		
Strand Life Sciences Private Limited (refer note 29.1)	242.70	237.37
<p>9,140,342 equity shares of ₹ 10 each, fully paid up along with a premium of ₹ 15.97 per share and 42,671 equity shares of ₹ 10 each, fully paid up along with a premium of ₹ 115 per share (31 March 2018: 9,140,342 equity shares of ₹ 10 each, fully paid up along with a premium of ₹ 15.97 per share)</p>		
b. Unquoted compulsorily convertible preference shares		
(i) In joint venture		
Strand Life Sciences Private Limited (refer note 29.1)	2.63	2.63
<p>(101,193 Series 1 preference shares of ₹ 10/- each, fully paid up along with a premium of ₹ 15.97 per share; 31-March-2018: 101,193 Series 1 preference shares of ₹ 10/- each, fully paid up along with a premium of ₹ 15.97 per share)</p>		
<p>*Includes corporate guarantee given to subsidiaries accounted as investment</p>		
II) Investment carried at fair value through profit and loss (FVTPL)		
(a) In other companies - unquoted equity instruments		
Zoctr Health Private Limited (299 equity shares of ₹ 10/- each, fully paid along with a premium of ₹ 17,097.25 per share and 153 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 16,498 per share; 31-March-2018: 299 equity shares of ₹ 10/- each, fully paid along with a premium of ₹ 17,097.25 per share and 153 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 16,498 per share)	7.64	7.64
Suchirayu Healthcare Solutions Limited (2,055,000 equity shares of ₹ 10/- each, fully paid up; 31-March-2018: 2,055,000 equity shares of ₹ 10/- each, fully paid up) Refer note below	0.50	0.50
International Stemcell Services Limited (10,860 equity shares of ₹ 100/- each, fully paid up along with a premium of ₹ 416.36/- per share; 31 March 2018: Nil)	5.61	-
Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 126,572.28/- per share; 31 March 2018: Nil)	10.00	-
Niramai Health Analytix Private Limited (10 equity shares of ₹ 1/- fully paid up along with a premium of ₹ 7,331.24/- per share; 31 March 2018: Nil)	0.07	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

7 Investments (Contd..)

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
(b) In other companies – unquoted Preference shares		
Niramai Health Analytix Private Limited (4,881 series A preference shares of ₹ 10/- each, fully paid up along with a premium of ₹ 7,321.24/- per share; 31 March 2018: Nil)	35.79	-

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.

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
(c) Investments in mutual fund (quoted)		
Religare Invesco Short Term Fund- 17112.198 units @ ₹ 2,716.19; 31-March-18: 17,112.198 units @ ₹ 2,520.36)	46.48	43.13
Total non-current investments	2,990.36	2,188.45
Aggregate amount of quoted investments	46.48	43.13
Aggregate amount of Market value of investments	46.48	43.13
Aggregate amount of unquoted investments (gross)	2,952.26	2,153.70
Aggregate amount of impairment in value of investments	8.38	8.38
The market value of quoted investments is equal to the carrying value		

8 Loans (unsecured)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Considered good				
a) Loans to related parties (refer note 44)	241.80	-	241.13	-
b) Advances to employees	-	20.00	-	29.21
c) Inter-corporate deposits	-	105.00	68.00	-
d) Security deposits	210.52	3.39	-	-
e) Other advances to related parties (refer note 44)	-	-	29.16	-
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	452.32	128.39	338.29	29.21

*Refer note 16 for details of charge created on current loans.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

9 Other Financial Assets

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Security deposits	-	-	189.13	-
Advances to related parties (Refer note 44)	-	50.66	-	68.70
Unbilled revenue (refer note 49)	-	98.66	-	84.30
Term deposits (more than 12 months maturity from the reporting date) ¹	94.14	15.28	85.08	-
Interest accrued but not due on fixed deposits	4.64	0.94	10.13	-
Interest accrued on inter corporate deposit	-	15.90	9.13	-
Right to equity shares [#]	694.42	-	-	-
Interest accrued on loan to subsidiaries (Refer note 44)	-	50.78	-	28.40
Others	-	9.17	-	-
	793.20	241.39	293.47	181.40

Note:

¹Term deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees

²Details of advances to directors and private companies in which any director is a director or a member (₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
i) Advances to director		
- Dr. B S Ajaikumar	-	0.93
ii) Private companies in which any director is a director or member		
- HCG Medi-Surge Hospitals Private Limited	-	9.44
- Malnad Hospital and Institute of Oncology Private Limited	4.58	12.50
- BACC HealthCare Private Limited	5.78	5.50

[#]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. This is likely to be settled by mid of 2019.

*Refer note 16 for details of charge created on other current financial assets.

10 Other Assets

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Unsecured, considered good				
Capital advances	310.83	-	216.25	-
Prepaid expenses	178.38	24.52	133.03	36.54
Rental advance	-	37.08	-	15.31
Advance to vendors	-	130.85	-	93.96
Receivable from revenue authorities	-	39.05	-	33.70
Unsecured, considered doubtful				
Advance to vendors	-	27.13	-	27.13
Less : Allowance for bad and doubtful advances	-	(27.13)	-	(27.13)
	489.21	231.50	349.28	179.51

*Refer note 16 for details of charge created on other current assets.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

11 Inventories (lower of cost and net realisable value)*

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Medical and non-medical items	163.40	171.03
	163.40	171.03

*Inventories are subject to charge to secure bank loans. There are nil provision for written down to net realisable value.

12 Trade receivables*

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables (unsecured) consist of following		
a) considered good	1,455.99	1,262.13
b) considered doubtful	336.60	302.17
Allowance for doubtful debts (expected credit loss allowance - refer note 40)	(336.60)	(302.17)
	1,455.99	1,262.13

*Trade receivables are subject to charge to secured bank loans

Note: Trade receivables include due from companies in which any director is a director or member

Refer note 44 for related party balances

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Private companies in which any director is a director or member		
- HealthCare Global Senthil Multi-Specialty Hospitals Private Limited	0.13	0.13
- HCG Medi-surge Hospitals Private Limited	-	42.20
- Malnad Hospital and Institute of Oncology Private Limited	7.22	4.38
- BACC Healthcare Private Limited	0.00	0.08
- Health Care Process Solutions (India) Private Limited	0.00	0.06
Total	7.35	46.85

13 Cash and bank balances

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Cash on hand	6.39	4.41
(b) Cheques, drafts on hand	2.48	0.83
(c) Balance with bank		
In current accounts	74.33	99.09
In Exchange Earners Foreign Currency Account (EEFC) accounts	2.20	7.06
(d) Other deposits*	-	41.72
	85.40	153.11

*Other deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees. These deposits are restrictive.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings
(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Cash on hand	6.39	4.41
(b) Cheques, drafts on hand	2.48	0.83
(c) Balance with bank		
In current accounts	74.33	99.09
In EEFC accounts	2.20	7.06
(d) Other deposits	-	41.72
Cash and cash equivalents as per balance sheet	85.40	153.11
Less : Bank overdrafts and repayable on demand (refer note 16)	(499.88)	(17.35)
Cash and cash equivalents as per statement of cash flows	(414.48)	135.76

14 Equity share capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised share capital :		
132,000,000 equity shares of ₹10 each (as at 31 March 2018: 132,000,000)	1,320.00	1,320.00
Issued, subscribed and paid up capital comprises:		
87,919,033 fully paid equity shares of ₹10 each (as at 31 March 2018: 86,904,473)	879.19	869.04

14.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

Particulars	Number of shares	Amount
Balance as at 1 April 2017	85,712,986	857.13
(a) Issue of equity shares pursuant to preferential allotment	1,166,667	11.66
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 37(c))	24,820	0.25
Balance as at 31 March 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 2010 and 2014 (refer note 37(c))	80,060	0.80
Balance as at 31 March 2019	87,919,033	879.19

- (i) a) The shareholders of the Company, vide resolution passed in Extra Ordinary general meeting, held on 29 March 2018, approved the allotment of 934,500 (Nine lakhs thirty four thousand five hundred) 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. Gopi Chand. The same was allotted to Dr. Gopi Chand on 09 April 2018.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- b) During the previous year, the shareholders of the Company, vide resolution passed in Extra Ordinary General meeting, held on 28 December 2017, approved the allotment of 1,166,667 (Eleven Lakhs Sixty Six Thousand Six Hundred Sixty Seven) equity shares of ₹ 10 each of the Company, at a price of ₹ 300 per share (including share premium of ₹ 290 per share), on preferential basis, to Indgroth Capital Fund 1, a SEBI registered Category III, alternative Investment Fund ('Allottee').
- c) At the Board meeting held on 23 May 2019, the Board of Directors of the Company has approved the proposal for issuance of 710,526 equity shares of ₹ 10 per share at a price of ₹ 285 per share (inclusive of face value of ₹ 10 per share), on Preferential Allotment basis, to Dr. Gee Varghese ("Investor"), subject to the approval of the shareholders of the Company in the proposed Extra Ordinary General Meeting.

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. 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 2019		As at 31 March 2018	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Fully paid equity shares				
Dr B.S. Ajaikumar	17,673,346	20.10%	17,642,739	20.30%
Sundaram Mutual Fund	6,656,557	7.57%	4,551,524	5.24%
V Sciences Investments Pte. Limited	8,320,805	9.46%	8,320,805	9.57%
Buena Vista Asian Opportunities Master Fund Ltd.	5,251,168	5.97%	-	-
International Finance Corporation	-	-	4,358,705	5.02%

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 2019 (refer note 14.6)

Assumptions	Aggregate number of shares as at	
	31 March 2019	31 March 2018
(a) Issue of shares pursuant to mergers	1,531,562	1,531,562
(b) Issue of shares pursuant to Business acquisition	934,500	-

14.5 Number of equity shares of ₹ 10/- each reserved for issuance

(₹ in million)

Particulars	As at	As at
	31 March 2019	31 March 2018
a) to eligible employees under Employee Stock Option Scheme	2,863,043	2,943,103

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

14.6 Share pending issuance (refer note 43)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Share pending issuance for the year	-	299.75
Total	-	299.75

15 Other equity

(₹ in million)

Particulars	Note No	As at 31 March 2019	As at 31 March 2018
Securities premium	15.1	5,587.35	5,284.88
Share options outstanding account	15.2	55.71	37.08
Retained earnings	15.3	(18.14)	(90.59)
Amalgamation adjustment deficit account	15.4	(13.91)	(13.91)
Remeasurements of the defined benefit plan	15.4	(1.05)	(1.85)
Cash flow hedging reserve	15.5	(41.96)	-
		5,568.00	5,215.61

15.1 Securities premium

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	5,284.88	4,945.44
Premium on shares issued during year	302.56	340.52
Share issue expenses *	(0.09)	(1.08)
Balance at end of year	5,587.35	5,284.88

*Share issue expenses of ₹ 0.09 million towards preferential allotment of 934,500 shares during the year has been debited to securities premium (31 March 2018 Share issue expenses of ₹ 1.08 million towards preferential allotment of 1,166,667 equity shares during the year has been debited to securities premium).

15.2 Share options outstanding account

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	37.08	12.17
Transferred to securities premium account on exercise of ESOPs	(11.93)	(2.18)
Expense on employee stock option scheme	30.56	27.09
Balance at end of year	55.71	37.08

Refer note 37

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

15.3 Retained earnings

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
Balance at beginning of year	(90.59)	(339.49)
Profit attributable to owners of the Company	72.45	248.90
Balance at end of year	(18.14)	(90.59)

15.4 Amalgamation adjustment deficit account (refer note 47)

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
Balance at beginning of year	(13.91)	(23.47)
Adjustment towards common control transaction	-	9.56
Balance at end of year	(13.91)	(13.91)

15.5 Remeasurements of the defined benefit plan

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
Balance at beginning of year	(1.85)	0.11
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	0.80	(1.96)
Balance at end of year	(1.05)	(1.85)

15.6 Cash flow hedging reserve

(₹ in million)

Particulars	As at	
	31 March 2019	31 March 2018
Balance at the beginning of year	-	-
Other comprehensive income arising from remeasurement of hedging instrument in a cashflow hedge (net of income tax)	(41.96)	-
Balance at end of year	(41.96)	-

16 Borrowings

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Secured - at amortised cost				
(i) Term loans				
from banks (refer note 16.1.1)	1,261.99	213.24	1,349.84	246.59
from other parties (refer note 16.1.2)	1,054.37	13.51	16.00	18.26
(ii) Vehicle loans (refer note 16.1.3)	4.51	1.70	6.21	1.57
(iii) Loans repayable on demand				
- from Banks (bank overdraft) (refer note 16.1.5)	-	299.88	-	17.35

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

16 Borrowings (Contd..)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Unsecured - at amortised cost				
(i) Deferred payment liabilities (refer note 16.1.4)	585.45	31.07	245.21	178.67
(ii) Long term maturities of finance lease obligations (refer note 35.1)	555.17	-	555.17	-
(iii) Loans repayable on demand from Banks (refer note 16.1.6)	-	200.00	-	-
Less : Amount included under "Other financial liabilities" (refer note 17)	-	(259.52)	-	(445.09)
Total	3,461.49	499.88	2,172.43	17.35

16.1 Summary of borrowing arrangements

Details of security and terms of repayment of term loans and other loans (except loans repayable on demand) are stated below.

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
16.1.1 Term loans from banks - Secured		
Non-current portion*	1,314.48	1,386.63
Amounts included under current maturities of long-term debt	213.24	246.59

Details of security and terms of repayment for the amounts borrowed during the current year:

- Secured by exclusive charge on equipments purchased from these loans, first charge on immovable fixed assets (land and building/structures there upon) and movable fixed assets (both present and future, not charged exclusively to any other lender) and first pari-passu charge on all current assets and receivables (both present and future)
- Rate of interest: 6 months MCLR + 0.7% 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 as disclosed herein is gross of ₹ 52.49 million (31 March 2018; ₹ 36.79 million) towards unamortised loan processing charges, which is netted off below

16.1.2 Term loans from others - Secured

Non-current portion	1,054.37	16.00
Amounts included under current maturities of long-term debt	13.51	18.26

Details of security and terms of repayment for the amounts borrowed during the current year:

- Secured by a first pari-passu mortgage, charge and by way of hypothecation of entire immovable and movable properties of the borrower; both present & future, including all movable properties. A second pari-passu charge on the

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

16.1 Summary of borrowing arrangements (Contd..)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
entire current assets, cashflow, receivables, book debts and revenue of the borrower, including Trust & Retention Account / Escrow Account, of whatsoever nature and arising both present & future. First pari-passu charge on entire intangible assets of the borrower, including but not limited to, goodwill and uncalled capital, intellectual property, intangible assets, both present & future		
- Rate of interest: NBFCs spread rate @ 1.05% + 5 years IDFC IFL benchmark rate @ 1.05% p.a. (9.75%)		
- Repayable in installments over a period of 9 years after 3 year moratorium from the date of borrowing.		
16.1.3 Vehicle loan from bank – Secured		
Non-current portion	4.51	6.21
Amounts included under current maturities of long-term debt	1.70	1.57
- 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 40)		
16.1.4 Deferred payment obligations – Unsecured		-
Non-current portion	585.45	245.21
Amounts included under current maturities of long-term debt	31.07	178.67
- Rate of interest 3% p.a.		
- Repayment in installments over a period of 1 to 5 years from the date of borrowing (refer note 40)		
16.1.5 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.	299.88	17.35
Rate of Interest : 3 months MCLR + 0.8% p.a. (spread)		
16.1.6 Unsecured loan repayable on demand from banks:	200.00	-
- 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)		
Less: Unamortised loan processing charges	(52.49)	(36.79)
Total (net of unamortised loan processing charges)	3,665.72	2,079.70
Non-current portion	2,906.32	1,617.26
Amounts included under current maturities of long-term debt	259.52	445.09
Amounts included under current borrowings	499.88	17.35

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17 Other financial liabilities

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Current maturities of long-term debt*	-	228.45	-	266.42
Book overdraft	-	-	-	7.83
Current maturity of deferred payment obligations*	-	31.07	-	178.67
Interest accrued not due	121.63	15.12	107.55	13.95
Creditors for capital goods	-	202.64	-	118.84
Derivative liability	106.78	3.17	-	-
Payable for share purchase#	-	694.42	-	-
Accrued employee benefits (refer note 44)	-	200.30	-	118.23
Payable on acquisition of business (refer note 43)	-	69.26	63.76	70.25
Financial guarantee obligation	69.12	8.72	49.82	7.08
Advance received from subsidiaries (refer note 44)	-	106.03	-	-
Total	297.53	1,559.18	221.13	781.27

*The details of interest rates, repayment and other terms are disclosed under note 16

The Company's exposure to liquidity risk are disclosed in note 40.

#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 9).

18 Other liabilities

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Advance from customers (refer note 49)	-	137.35	-	158.31
Balance due to statutory/government authorities	-	47.80	-	46.57
Deferred government grant (Refer note below)	103.48	9.26	88.11	7.50
Rent equalisation reserve	15.63	-	12.10	-
	119.11	194.41	100.21	212.38

Note: The Company imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Company expected to meet the specified criteria, it is exempt 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 2019 is ₹ 25.76 million (31 March 2018: ₹ 102.02 million) and EPCG income recognised during the year is ₹ 9.26 million (31 March 2018: ₹ 5.99 million). The unfulfilled export obligation as on 31 March 2019 is ₹ 166 million (31 March 2018: ₹ 342.32 million).

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19 Provisions

Particulars	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
<i>Employee benefits</i>				
Gratuity (Refer note 36.2)	43.90	27.77	37.29	23.62
Compensated absences	-	32.74	-	28.35
Total	43.90	60.51	37.29	51.97

20 Trade payables

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 42)	1.39	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,351.18	1,144.24
Total	1,352.57	1,144.24

*For details relating to payable to related parties- refer note 44

21 Revenue from operations (refer note 49)

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income from medical services	5,591.08	5,072.69
(b) Sale of medical and non-medical items	702.58	725.32
(c) Other operating revenues	111.33	64.66
	6,404.99	5,862.67

22 Income from Government grants

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
EPCG Income	9.26	5.99
	9.26	5.99

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23 Other income

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
(a) Interest income (Refer note below)	55.35	92.83
(b) Interest income from financial assets at amortised cost	4.31	3.43
(c) Net foreign exchange gains	5.06	1.82
(d) Net gain on sale of investments in mutual funds	-	1.14
(e) Net gain on financial assets designated at fair value through profit and loss	3.34	3.61
(f) Payables no longer required written-back	-	22.00
(g) Miscellaneous income	26.29	14.98
(h) Guarantee commission	31.15	19.45
	125.50	159.26
Interest income comprise:		
Interest on bank deposits	6.65	31.15
Interest on income tax refund	-	25.97
Interest on unsecured loans given to subsidiaries (Refer note 44)	36.35	21.34
Interest on inter-corporate deposits	12.35	10.16
Interest on debentures	-	4.21
	55.35	92.83

24 Changes in inventories

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year	171.03	149.01
Inventories at the end of the year	163.36	171.03
Changes in inventories	7.67	(22.02)
Opening stock of unit sold during the year (refer note 29.1)	-	(8.53)
Opening stock on acquisition of business (refer note 43)	-	3.90
Net Increase/ (decrease)	7.67	(26.65)

25 Employee benefits expense

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages (refer note 5)	1,154.67	1,020.16
Contribution to provident and other funds (Refer note 36.1)	70.44	66.15
Expense on employee stock option scheme (Refer note 37)	30.56	27.09
Staff welfare expenses	47.54	42.44
	1,303.21	1,155.84

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26 Finance costs

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Interest costs :-		
Interest on term loan from banks and others	218.31	121.06
Interest on financial liability measured at amortised cost	5.00	-
Interest on bank overdraft	57.16	32.74
Interest on deferred payment obligations	11.67	19.47
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	62.40	1.01
Finance cost on finance lease obligations	81.19	70.42
Interest on defined benefit obligations	4.56	3.63
(b) Other borrowing costs	37.81	19.63
	478.10	267.96

27 Depreciation and amortisation expense

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 5)	442.95	418.97
Amortisation of intangible assets (refer note 6)	28.77	20.23
Total depreciation and amortisation expense	471.72	439.20

28 Other expenses

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Medical consultancy charges	1,196.52	1,033.96
Lab charges (Refer note 44)	284.57	136.48
Power and fuel, water Charges	163.40	145.12
House keeping expenses	144.94	133.34
Rent (Refer note 35.2)	230.33	201.81
Reparis and maintenance		
Building	13.47	11.87
Machinery	119.37	128.85
Office maintenance & others	39.57	51.06
Insurance	9.63	14.38
Rates and taxes	13.61	12.26
Printing & stationery	28.19	22.58
Postage & telegram	27.78	26.90
Advertisement, publicity & marketing	30.51	31.06

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28 Other expenses (Contd..)

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Travelling & conveyance	73.81	77.32
Legal & professional fees	154.03	162.84
Payment to auditors (Refer note 28.1)	7.80	6.17
Bad debts written off	-	100.11
Provision for bad debts & doubtful advances, net	34.43	(63.45)
Loss on disposal of property, plant and equipment	0.13	0.35
Corporate social responsibility (refer note 28.2)	1.27	-
Revenue share expenditure	30.63	12.83
Miscellaneous expenses	24.01	28.13
	2,628.00	2,273.97

28.1 Payments to auditors

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
a) Audit fees	4.40	3.20
b) Limited review	2.00	1.80
c) Out of pocket expenses and taxes on above	1.38	1.05
d) Certification services	0.02	0.12
	7.80	6.17

28.2 Corporate social responsibility

(a) Gross amount required to be spent by the Company during the year is ₹ 4.44 million (2017-18: ₹ 1.45 million)

(b) Amount spent during the year ended 31 March 2019 on corporate social responsibility activities :

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Construction/acquisition of any asset	-	-
On purposes other than above	1.27	-

29 Exceptional items

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Gain on sale of Triesta unit of the Company (Refer note 29.1)	-	61.37
Net gain on disposal of equity investment in subsidiary HCG Regency Oncology Healthcare Private Limited (Refer note 29.2)	-	44.44
Net loss pertaining to non-operation unit in Delhi (Refer note 29.3)	-	(76.46)
	-	29.35

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

29.1 During the year ended 31 March 2018, the Company had entered into a business transfer agreement with Strand Life Sciences Private Limited ('Strand') dated 02 January 2018 for sale of its Triesta unit on slump sale basis for a lumpsum consideration of ₹ 240 million for which the consideration is received in the form of 9,140,342 equity shares and 101,193 Series 1 Preference Shares of Strand.

Details of net assets transferred:

Particulars	Amount (₹ in million)
Assets	
Property plant and equipment	129.19
Capital work-in-progress	36.31
Inventories	18.15
Trade receivables	63.25
Other financials / non financial assets	8.00
Cash and cash equivalents	0.22
Total [A]	255.12
Liabilities	
Trade payables	37.14
Payable towards reimbursement of capital expenditure	32.06
Capital creditors	4.31
Provision for employee benefits & Other liabilities	2.98
Total [B]	76.49
Carrying value of net assets sold [C] = [A-B]	178.63
Fair value of the consideration [D]	240.00
Gain on sale of assets [E] = [D] - [C]	61.37

29.2 In accordance with the terms of share purchase agreement with Regency Hospital Limited dated 28 March 2018, the Company sold its long-term investments in equity shares held in HCG Regency Oncology HealthCare Private Limited (HCG Regency) for a total consideration of ₹ 212.31 million resulting in a gain of ₹ 44.44 million. Pursuant to the change, HCG Regency ceases to be a subsidiary of the Company.

29.3 During the year ended 31 March 2018, the Company closed its operations of Delhi unit. Net charge on account of write off of receivables is ₹ 21.90 million and the charge due to write off of net fixed assets is ₹ 54.56 million. The total charge due to unit closure is ₹ 76.46 million.

Particulars	Amount	Amount
(₹ in million)		
(a) Trade receivables written off	100.11	
Less: Provided earlier	78.21	
Net impact on account of write off of trade receivables		21.90
(b) Assets written off		
Gross block	150.87	
Less: Accumulated depreciation	96.31	
Net impact on account of write off of tangible assets		54.56
Total		76.46

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

30 Income tax expense

30.1 Income tax recognised in the Statement of profit and loss

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current tax	35.72	86.30
Taxes for earlier periods	(64.02)	-
	(28.30)	86.30
Deferred tax		
- MAT	(49.73)	(86.30)
- Others	131.23	119.82
	81.50	33.52
Total income tax expense recognised in the Statement of profit and loss	53.20	119.82

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	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	125.65	368.72
Enacted income tax rate in India	34.994%	34.608%
Computed expected tax expense	43.97	127.61
Effect of:		
Income not taxable	(10.90)	(6.73)
Permanent difference	14.87	-
Others	5.26	(1.06)
	53.20	119.82

30.2 Income tax recognised in other comprehensive income

(₹ in million)

Particulars	31 March 2019	31 March 2018
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.40)	1.03
Effective portion of loss on hedging instruments in a cash flow hedge	22.34	-
Total income tax recognised in other comprehensive income	21.94	1.03

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

30.3 Deferred tax balances (Net)

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred Tax assets	554.42	(483.32)
Deferred Tax liabilities	(523.00)	574.34
Total	31.42	91.02

Significant components of net deferred tax assets and liabilities for the period 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
Provision for doubtful debts/advances	115.09	23.40	-	138.49
Tax losses	214.39	(13.29)	-	201.10
Derivative and others	3.02	(5.60)	22.34	19.76
	91.02	(81.54)	21.94	31.42

Significant components of net deferred tax assets and liabilities for the period ended 31 March 2018 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)	41.54	-	(462.02)
Intangible assets	(10.70)	(10.60)	-	(21.30)
Financial liabilities at amortised cost	4.86	(4.86)	-	-
MAT credit entitlement	108.68	86.30	-	194.98
Provision for doubtful debts/advances	139.14	(24.05)	-	115.09
Sec 43B items	34.09	11.74	1.03	46.86
Tax losses	347.98	(133.59)	-	214.39
Others	-	3.02	-	3.02
	120.49	(30.50)	1.03	91.02

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Further, the Company carry tax credit entitlement in respect of Minimum Alternate Tax (MAT) paid, which can be carried forward for certain period and can be set-off against for 15 years future tax liabilities to the extent income tax under normal tax provisions exceed the MAT for those years. Tax benefits on unabsorbed business losses and MAT credit entitlement have been recognised as deferred tax asset as it is more probable than not that the future economic benefits associated with the asset will be realised.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

30.4 Current tax assets

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Tax deducted at source, advance tax (net of Provision)	464.19	174.65
	464.19	174.65

31 Contingent liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
a) Corporate guarantee given on behalf of subsidiaries and other parties (refer note 46)	1,933.84	1,357.81
i) Other money for which the Company is contingently liable		
Excise and service tax (Refer note 1)	28.34	28.35
Value added tax (Refer note 2)	2.50	2.50
b) Bonus to employees pursuant to retrospective amendment to the Payment of Bonus Act, 1965 (Refer note 3)	9.98	9.98

- 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.

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.

- HealthCare Global Vijay Oncology Private Limited is merged with Company effective from April 1, 2015, has undergone Departmental VAT audit for the period from 2011-12 to 2014-15 and noted that the Company has not charged & paid VAT on supply of food to patients and raised a AP-VAT demand of ₹ 2 million. Further, the Deputy Commercial Tax Officer, Vijayawada has passed the Penalty Order for ₹ 0.5 million against the above AP-VAT Audit Order. The Company has filed an writ petition before Andhra Pradesh High Court by paying ₹ 0.4 million VAT amount to department.

If it is excisable the same has to be classified under Chapter 30 which attracts excise duty at 6% and valuation of captivity consumed FDG will reduce the demand. 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 Payment of Bonus (Amendment) Act, 2015 has been enacted on 31 December 2015 with retrospective effect from 01 April 2014.

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 for the year ended 31 March 2015 of ₹ 9.98 million is required.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

4. 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 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 2020.
5. In light of recent judgement of Hon'ble Supreme Court dated 28 February 2019, on the definition of 'Basic wage' under the Employees Provident Fund and Misc. Provision Act, 1952, and as per Company's evaluation based on legal advice, there are significant uncertainties and numerous interpretation issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic wage would be applicable prospectively or retrospectively. The Company will evaluate its position and update provision, if required, basis further clarity on the subject. The Company does not expect the amount to be material to the standalone financial statements.
6. 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 standalone financial statements.

32 Commitments

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	871.37	676.33
Written put options issued by the Company to the non-controlling interests of its subsidiaries	481.78	1,111.64

33 Earnings per Share

33.1 Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings and diluted earnings per share calculations are as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a. Profit after tax	72.45	248.90
The earnings used in the calculation of basic earnings per share	72.45	248.90
b. Weighted average number of equity shares for the year		
Weighted average number of equity shares for the purposes of basic earnings per share	87,909,856	86,046,366
Basic earnings per equity share ₹ Per share (a/b)	0.83	2.89

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for the year ended 31 March 2019

33.2 Diluted earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
The earnings used in the calculation of diluted earnings per share are as follows.		
a. Earnings used in the calculation of basic earnings per share	72.45	248.90
b. Earnings used in the calculation of diluted earnings per share	72.45	248.90
c. Weighted average number of equity shares used in the calculation of diluted earnings per share	88,098,982	86,204,138
Diluted earnings per share for the year (amount in ₹)	0.82	2.89

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Weighted average number of equity shares used in the calculation of basic earnings per share	87,909,856	86,046,366
Shares deemed to be issued for no consideration in respect of employee options	189,126	157,772
Weighted average number of equity shares used in the calculation of diluted earnings per share	88,098,982	86,204,138

34 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(i) Revenue from operations

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
India	6,404.99	5,862.67
Total	6,404.99	5,862.67

(ii) Non current assets*

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
India	7,462.40	6,235.05
Total	7,462.40	6,235.05

*Non-current assets exclude financial assets and deferred tax assets

35 Leasing arrangements: The Company being a lessee

35.1 Finance lease arrangements

Finance leasing arrangements of the Company include lease of Hospital buildings for duration of 24 to 30 years and medical equipments for 6 years. Interest rates underlying all obligations under finance leases range between 10% to 12% p.a. The details of future minimum lease payment and reconciliation of gross investment in the lease and payment value of minimum lease payments are given below:

Finance lease liabilities

Particulars	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Not later than one year	66.69	66.31	-	-
Later than one year and not later than five years	303.04	301.30	-	-
Later than five years	1,564.44	1,586.79	555.17	555.17
	1,934.17	1,954.40	555.17	555.17
Less: future finance charges	(1,379.00)	(1,399.23)	-	-
Present value of minimum lease payments	555.17	555.17	555.17	555.17

Particulars	(₹ in million)	
	As at 31 March 2019	As at 31 March 2018
Included in the financial statements as:		
- Non-current borrowings (Refer note 16)	555.17	555.17
	555.17	555.17

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

35.2 Operating lease arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 5 to 30 years and may be renewed for a further period, based on mutual agreement of the parties. The escalation clause in these arrangements ranges from 0% to 10%.

Payments recognised as an expense in note 28

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Minimum lease payments	230.33	201.81
	230.33	201.81

Future non-cancellable operating lease commitments

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Not later than 1 year	225.88	170.10
Later than 1 year and not later than 5 years	867.65	686.14
Later than 5 years	1489.11	1046.72
	2,582.64	1,902.96

36 Employee benefit plans

36.1 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:

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Contribution to Provident Fund included under contribution to provident and other funds.	61.18	54.93
Contribution to Employee State Insurance Scheme	13.42	12.62
	74.60	67.55

36.2 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 2019

Amounts recognised in statement of profit and loss in respect of this defined benefit plan are as follows.

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(c) Provisions	9.26	7.75
Past service cost and (gain)/loss from settlements	-	3.47
Net interest expense	4.56	3.64
Components of defined benefit costs recognised in the Statement of profit and loss	13.82	14.86
Service cost recognised in employee benefits expense in Note 25	9.26	11.22
Net interest expense recognised in finance costs in Note 26	4.56	3.64
Remeasurement of the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	-	0.62
Actuarial (gains) arising from changes in demographic assumptions	(0.72)	(0.34)
Actuarial (gains) / losses arising from changes in financial assumptions	(0.02)	2.71
Remeasurement of the net defined benefit liability recognised in other comprehensive income	(0.74)	2.99

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Present value of funded defined benefit obligation	72.58	61.73
Fair value of plan assets	0.91	0.82
Unfunded status	71.67	60.91
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	71.67	60.91
Non-current (refer note 19)	43.90	37.29
Current (refer note 19)	27.77	23.62

Movements in the present value of the defined benefit obligation are as follows.

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening defined benefit obligation	61.73	47.88
Current service cost	9.26	11.22
Interest cost	4.56	3.64
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	0.62
Actuarial gains and losses arising from changes in financial assumptions	(0.71)	(0.34)
Actuarial gains and losses arising from experience adjustments	(0.02)	2.71
Benefits paid	(2.62)	(4.10)
Others	0.38	0.10
Closing defined benefit obligation	72.58	61.73

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for the year ended 31 March 2019

Movements in the fair value of the plan assets are as follows.

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Opening fair value of plan assets	0.82	0.77
Interest income	0.06	0.05
Remeasurements of plan assets	0.03	-
Closing fair value of plan assets	0.91	0.82

*Expected future contribution to the plan - Nil (31 March 2018- Nil)

The fair value of the plan assets at the end of the reporting period for each category, are as follows

Particulars	(₹ in million)	
	Fair value of plan assets as at 31 March 2019	31 March 2018
Insurer-managed funds	0.91	0.82
Total	0.91	0.82

Defined plan asset

Plan assets consist 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 not quoted in the market.

The actual return on plan assets was ₹ 0.09 Million (for the year ended 31 March 2018: ₹ 0.05 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:

Particulars	(₹ in million)			
	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.36)	1.42	(1.18)	1.23
Future salary increase (1% movement)	3.15	(2.96)	2.73	(2.57)
Attrition rate (10% movement)	(0.73)	0.76	(0.71)	0.74

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 2019 is 4.82 years (as at 31 March 2018: 4.66 years)

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The principal assumptions used for the purposes of the actuarial valuations were as follows.

(₹ in million)

Particulars	Valuation as at	
	31 March 2019	31 March 2018
Discount rate(s)	7.00%	6.50%
Expected rate(s) of salary increase	5%	5%
Rate of return on plan assets	7.0%	6.5%
Mortality table	IALM 2006-08	IALM 2006-08
Employee turnover rate	40.00%	40.00%

Maturity profile of defined benefit obligation:

(₹ in million)

Particulars	As at	As at
	31 March 2019	31 March 2018
Within 1 year	28.67	24.44
1-2 years	18.57	15.43
2-3 years	12.52	10.72
3-4 years	8.56	7.26
4-5 years	5.89	4.87
6-10 year	8.83	7.53
>10 years	0.84	0.74

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"

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(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 2014	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	1,294,800	110,100	165,400	30,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	1-Apr-17	1-Apr-17	11-Aug-17	6-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	101,000	53,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	22-May-18	9-Nov-18	7-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

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- (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: 01 April 2017 (ESOP 2014)			
	Vest 1 01 Apr 18	Vest 2 01 Apr 19	Vest 3 01 Apr 20	Vest 4 01 Apr 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.46%	6.57%	6.76%	6.86%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	27.46%	28.94%	30.36%	29.83%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 11 August 2017 (ESOP 2014)			
	Vest 1 11 Aug 18	Vest 2 11 Aug 19	Vest 3 11 Aug 20	Vest 4 11 Aug 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.35%	6.38%	6.43%	6.50%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.74%	27.98%	28.28%	29.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 06 November 2017 (ESOP 2014)			
	Vest 1 06 Nov 18	Vest 2 06 Nov 19	Vest 3 06 Nov 20	Vest 4 06 Nov 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.30%	6.48%	6.64%	6.78%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.04%	27.42%	27.47%	29.42%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

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%

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- (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: (Contd..)

Assumptions	Grant Date: 09 November 2018 (ESOP 2014)			
	Vest 1	Vest 2	Vest 3	Vest 4
	09 Nov 19	09 Nov 20	09 Nov 21	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	Vest 2	Vest 3	Vest 4
	07 Feb 20	07 Feb 21	07 Feb 22	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%

- C Employee stock options details as on the Balance Sheet date are as follows: The Company has used Blacksholes option pricing model for valuation of options.**

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOP 2010	10,127	10.00	10,127	10.00
- ESOP 2014	471,670	20.17	22,020	10.00
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	127,000	10.00	214,000	32.90
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	2,300	10.00	-	-
- ESOP 2014	77,760	10.00	24,820	10.00

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for the year ended 31 March 2019

C Employee stock options details as on the Balance Sheet date are as follows: The Company has used Blacksholes option pricing model for valuation of options. (Contd..)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	7,827	10.00	10,127	10.00
- ESOP 2014	520,910	25.20	471,670	20.17
Options exercisable at the end of the year:				
- ESOP 2010	7,827	10.00	10,127	10.00
- ESOP 2014	64,530	31.64	37,770	18.00

*Options available for grant under ESOP 2014 Scheme are 2,334,306 (previous year 2,461,306)

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 is ₹ 228.49 (previous year ₹ 318.65).

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 8.10 years (Previous year 7.54 years).

D For details of expense recognised in statement of profit and loss please refer note 25 and for details of movement in share options outstanding account refer note 15.2.

38 Financial instruments

The carrying value and fair value of financial instruments by categories as at 31 March 2019 and 31 March 2018 are as follows:

(₹ in million)

Particulars	Carrying value as at	
	31 March 2019	31 March 2018
Financial assets		
Amortised cost		
Loans (including current and non-current)	580.71	367.50
Trade receivables	1,455.99	1,262.13
Cash and cash equivalents	85.40	153.11
Other financial assets	340.17	474.87
FVTPL		
Investments in unquoted equity instruments	59.61	8.14
Investments in mutual fund (quoted)	46.48	43.13
Right to equity shares	694.42	-
Total assets	3,262.78	2,308.88

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

38 Financial instruments (Contd..)

(₹ in million)

Particulars	Carrying value as at	
	31 March 2019	31 March 2018
Financial liabilities		
Amortised cost		
*Loans and Borrowings (including current maturities and short-term borrowings)	4,220.89	2,634.87
Trade payables	1,352.57	1,144.24
Other financial liabilities (including current and non-current)	645.72	436.65
FVTPL		
Financial guarantee obligation (including current and non-current)	77.84	56.90
Payable on acquisition of business (Contingent consideration)	69.26	63.76
Payable for share purchase	694.42	-
FVTOCI		
Derivative liability (including current and non-current)	109.95	-
Total liabilities	7,170.65	4,336.42

The management assessed that fair value of above financial assets and liabilities approximates the fair value.

*Refer note 16 for details related to pledge of financial assets

39 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).

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 2019 and 31 March 2018.

(₹ in million)

Quantitative disclosures fair value measurement hierarchy	Total	Fair value measurement using		
		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 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 liabilities 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

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for the year ended 31 March 2019

39 Fair value hierarchy (Contd..)

(₹ in million)

Quantitative disclosures fair value measurement hierarchy	Total	Fair value measurement using		
		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 2018				
Investment in mutual funds (quoted)	43.13	43.13	-	-
Investments in unquoted equity instruments	8.14	-	-	8.14
Financial liabilities measured at fair value as at 31 March 2018				
Financial guarantee obligation	56.90	-	56.90	-
Payable on acquisition of business (Contingent consideration)	63.76	-	-	63.76

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-relation between significant unobservable inputs and fair value measurement
Unquoted equity instruments	Recent completed transaction in the underlying investment	<ol style="list-style-type: none"> Price per share Qualitative factors on operating performance vis a vis budgets 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 2019

39 Fair value hierarchy (Contd..)

Details of assets and liabilities considered under Level 3 classification

(₹ in million)

Particulars	Investment in equity instruments
Balance as at April 1, 2017	-
Additions	8.14
Gain/(loss) recognised in other comprehensive income and statement of profit and loss	-
Balance as at March 31, 2018	8.14
Balance as at April 1, 2018	8.14
Additions	51.47
Gain/(loss) recognised in statement of profit and loss	-
Gain/(loss) recognised in other comprehensive income	-
Balance as at March 31, 2019	59.61

As at 31 March 2019 and 31 March 2018, 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, net investment in foreign operations 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

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for the year ended 31 March 2019

39 Fair value hierarchy (Contd.)

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 March 31, 2019, 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 2019		As at 31 March 2018	
	Notional	Fair value	Notional	Fair value
Designated derivatives instruments				
Buy: Forward contracts	USD 8.47	INR 109.95	USD Nil	INR Nil
Weighted Average forward strike Price	INR 79.81	INR 79.81	-	-

The following table summarises activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at	
	31 March 2019	31 March 2018
	(₹ in million)	
Balance as at the beginning of the year	-	-
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	(64.30)	-
Gain/(loss) on cash flow hedging derivatives, net	(64.30)	-
Balance as at the end of the year	(64.30)	-
Deferred tax thereon	22.34	-
Balance as at the end of the year, net of deferred tax	(41.96)	-

The related hedge transactions for balance in cash flow hedging reserves as at March 31, 2019 are expected to occur and be reclassified to the statement of profit and loss over a period of three years.

Notes to the Standalone Financial Statements

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40 Financial risk management

The Company'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 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 also holds FVTOCI investments and enters into derivative transactions.

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, 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. 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.

1. The Provision matrix at the end of the reporting period is as follows:-

Category	Ageing			
	Less than 1 year	1-2 year	2-3 year	More than 3 year
31 March 2019	7% to 10%	36% to 51%	52% to 64%	100%
31 March 2018	10% to 12.5%	40% to 57%	64% to 100%	100%

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

2. Movement in the expected credit loss allowance

(₹ in million)

Particulars	Year ended	
	31 March 2019	31 March 2018
Balance at beginning of the year	302.17	365.62
Additional provision during the year	34.43	36.66
Written-off during the year	-	(100.11)
Balance at end of the year	336.60	302.17

No single customer accounted for more than 10% of the revenue as of 31 March 2019 & 31 March 2018. There is no significant concentration of credit risk.

Details of geographic concentration of revenue is included in note 34 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.

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 Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018:

(₹ in million)

Particulars	As at 31 March 2019					
	Total	Less than 1 year	1-2 year	2-3 year	3-4 years	More than 4 year
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	-	-	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(iii) Liquidity risk (Contd..)

(₹ in million)

Particulars	As at 31 March 2018					
	Total	Less than 1 year	1-2 year	2-3 year	3-4 years	More than 4 year
Borrowings	2,634.87	462.44	194.81	343.16	144.41	1,490.05
Trade payables	1,144.24	1,144.24	-	-	-	-
Other financial liabilities	423.30	265.93	8.99	8.30	7.55	132.53
Payable on acquisition of business	134.01	70.25	63.76	-	-	-

(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 2019 and 31 March 2018.

As at 31 March 2019

Particulars	Rupee equivalent of foreign currency amounts			
	US \$	Euro	Pound Sterling	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)

As at 31 March 2018

Particulars	Rupee equivalent of foreign currency amounts			
	US \$	Euro	Pound Sterling	Total
Assets				
Cash and cash equivalents	7.06	-	-	7.06
Liabilities				
Borrowings	423.88	-	-	423.88
Creditors for capital goods	-	7.26	-	7.26
Trade payables	34.29	0.48	-	34.77
Net assets/liabilities	(457.11)	(7.74)	-	(458.85)

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for the year ended 31 March 2019

(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 2019	As at 31 March 2018
USD Sensitivity		
₹/USD - Increase by 1%	7.73	2.90
₹/USD - Decrease by 1%	(7.73)	(2.90)

(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 2019	As at 31 March 2018
	Variable rate long term borrowings including current maturities	2,601.81

(ii) Sensitivity analysis

(₹ in million)

Particulars	Impact on profit or (loss) before tax	
	As at 31 March 2019	As at 31 March 2018
Sensitivity		
1% increase in MCLR rate	26.02	16.33
1% decrease in MCLR rate	(26.02)	(16.33)

41 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.

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for the year ended 31 March 2019

The capital structure is as follows:

Particulars	(₹ in million)	
	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the equity share holders of the Company	6,447.19	6,384.40
As percentage of total capital	61%	72%
Total loans and borrowings	4,220.89	2,634.87
Cash and cash equivalents	85.40	153.11
Net loans & borrowings	4,135.49	2,481.76
As a percentage of total capital	39%	28%
Total capital (loans and borrowings and equity)	10,582.68	8,866.16

42 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has 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.

Particulars	(₹ in million)	
	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year	1.39	-
Principal	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 40

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43 Goodwill on acquisition of City Cancer Centre (CCC) (refer note 6)

Acquisition

In the previous year, the Company entered into a business transfer agreement with Dr. Gopichand ('Seller') dated 28 February 2018 for purchase of business owned and operated by the Seller in the name of CCC located in Vijayawada. The Company had agreed to purchase the business on a slump sale basis for a lump sum consideration of ₹ 520 million without values being assigned to individual assets and liabilities.

Consideration was payable in tranches as follows:

- i) Issue of equity shares of the Company at ₹ 321 per equity share for a value of ₹ 299.75 million subject to shareholders approval
- ii) First tranche cash payment of ₹ 150.25 million
- iii) Contingent consideration of ₹ 70 million on achievement of the agreed Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) target.

During the previous year, the Company had obtained the approval of the shareholders for preferential allotment and on receipt of regulatory approvals during the current year, 934,500 equity shares for ₹ 299.75 million have been allotted to Dr. Gopichand, the contingent consideration has been disclosed under other financial liabilities. As of the date of approval of standalone financial statements for the year ended 31 March 2019, the Seller achieved the agreed EBITDA target and the contingent consideration is fair valued.

Date of business combination - Considering the fact that the business transfer agreement has been entered into on 28 February 2018 and shareholders approval has been received on 29 March 2018, date of the business combination has been considered as 01 March 2018.

The acquisition is expected to provide the Company with an increased market share and also expects to reduce costs through economies of scale. Revenues included in the statement of profit and loss of this acquisition for the financial year ended 31 March 2018 is ₹ 17.78 million and profit after tax is ₹ 3.45 million. Had the business combination occurred on 01 April 2017, per management estimate, revenues for the financial year ended 31 March 2018 would have been higher by ₹ 195.58 million and profit after tax would have been higher by ₹ 37.96 million.

The Company's share of costs incurred for this business combination had been charged off to statement of profit and loss.

a) Business combination

The above transaction qualified as a business combination as per Ind AS 103 - "Business Combinations" and had been accounted by applying the acquisition method wherein identifiable assets acquired, liabilities assumed are fair valued against the fair value of the consideration transferred and the resultant goodwill recognised.

b) Measurement of fair values

Particulars	Valuation methodology	Notes
Tangible assets	Historical costs	Tangible assets include property, plant & equipment, trade receivables & inventories. Historical cost is considered for valuation of tangible assets based on the management representation that tangible assets will be realised at book value, after acquisition of business.
Tangible liabilities	Book value as on acquisition date	Tangible liabilities include trade payables / provision for expenses, and statutory liabilities. Book value as on the Valuation date is considered based on the management representation that, after acquisition of Business, such tangible liabilities are settled at book value as on acquisition date.
Goodwill	Residual method	Difference between fair value of identified assets and liabilities and purchase price.

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c) Identifiable assets and liabilities assumed

Particulars	Amount (₹ in million)
Fair value of consideration transferred	
Equity shares*	299.75
Cash consideration	150.25
Contingent consideration	63.76
Total (A)	513.76
Assets acquired	
Property, plant and equipment (Refer note 5)	12.80
Trade receivables, net	37.98
Cash and cash equivalents	1.06
Inventories	3.90
Total assets acquired (B)	55.74
Liabilities assumed	
Trade payables and statutory liabilities (C)	26.50
Net assets acquired [D = (B-C)]	29.24
Goodwill (A-D) #	484.52

*The equity shares to be issued to the seller is pursuant to the preferential allotment of shares as per the relevant regulations. Had the equity shares been accounted at its value as on the date of the approval by the shareholders, value of shares would have been lower by ₹ 29.40 million.

#Goodwill is attributable to the increased market share and the synergies expected to be achieved from acquisition of CCC into the Company. Goodwill is tax deductible.

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 (formerly MIMS HCG Oncology Private Limited)"
	BACC HealthCare Private Limited
	HCG Regency Oncology Healthcare Private Limited (Till 28 March 2018)
	HealthCare Diwan Chand Imaging LLP

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A. Details of related parties: (Contd..)

Description of relationship	Names of related parties
Subsidiary companies & LLPs	<p>APEX HCG Oncology Hospitals LLP HCG Oncology LLP HCG Manavata Oncology LLP HCG NCHRI Oncology LLP Healthcare Global (Kenya) Private Limited (Step down subsidiary till 1st quarter of FY 18) Healthcare Global (Tanzania) Private Limited (Step down subsidiary till 1st quarter of FY 18) Healthcare Global (Uganda) Private Limited (Step down subsidiary till 1st quarter of FY 18) HCG (Mauritius) Private Limited HCG EKO Oncology LLP HCG SUN Hospitals LLP (with effect from 15 February 2018)</p>
Associate Companies	Healthcare Global (Africa) Private Limited (Step down subsidiary till 1st quarter of 2018)
Joint venture	Strand Lifesciences Private Limited (with effect from 7 February 2018)
Key Management Personnel (KMP)	<p>Whole-time director Dr. B S Ajaikumar, Chairman</p> <p>Executive directors Dr. B S Ramesh (from 22 May 2018)</p> <p>Non-executive directors Gangadhara Ganapati Shanker Annaswamy Sampath T Ramesh Sudhakar Rao Suresh C Senapaty Bhushani Kumar Dr. B S Ramesh (till 21 May 2018) Dr. Amit Varma</p>
Relatives of KMP	Ms. Anjali Ajaikumar (Daughter of Dr. B S Ajaikumar)
Company in which KMP / Relatives of KMP can exercise significant influence	<p>JSS Bharath Charitable Trust Sada Sarada Tumor & Research Institute B.C.C.H.I Trust HCG Foundation Gutti Malnad LLP Health Care Process Solutions (India) Private Limited</p>

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

B Details of related party transactions during the year:

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of pharmacy products and consumables		
- Malnad Hospital and Institute of Oncology Private Limited	11.46	6.76
- HCG Medi-surge Hospitals Private Limited	93.50	149.50
- Sada Sarada Tumor & Research Institute	46.79	42.71
- HCG Oncology LLP	31.12	55.83
- HCG Regency Oncology Healthcare Private Limited (Till 28 March 2018)	-	13.59
- HCG NCHRI Oncology LLP	28.90	14.65
- Apex HCG Oncology Hospitals LLP	18.97	12.53
- HCG EKO Oncology LLP	2.07	-
- HCG SUN Hospitals LLP	8.64	-
Income from Medical services		
- JSS Bharath Charitable Trust	12.22	14.50
- HCG Foundation	4.58	8.24
- HCG Medi-surge Hospitals Private Limited	9.99	41.97
- Malnad Hospital and Institute of Oncology Private Limited	-	0.44
- BACC Healthcare Private Limited	0.02	0.31
- Sada Sarada Tumor & Research Institute	6.16	7.44
- HCG Oncology LLP	-	0.16
- HCG Regency Oncology Healthcare Private Limited (Till 28 March 2018)	-	0.38
- HCG NCHRI Oncology LLP	-	2.48
- Apex HCG Oncology Hospitals LLP	-	1.16
- HCG Manavata Oncology LLP	-	5.20
Rent charges		
- Sada Sharada Tumor & Research Institute	0.60	0.54
Lab charges		
- Strand Life Sciences Private Limited	210.34	-
Revenue Share expenses		
- HealthCare DiwanChand Imaging LLP	4.90	-
Interest income received		
- Niruja Product Development and Research Private Limited	27.28	17.44
- HCG Oncology LLP	1.84	3.53
- HCG NCHRI Oncology LLP	5.81	0.37
- HCG SUN Hospitals LLP	1.42	-
Interest expenses paid		
- HCG Manavata Oncology LLP	0.72	-
Corporate guarantee commission income received		
- HCG Medi-surge Hospitals Private Limited	15.15	8.26
- HCG Oncology LLP	7.69	5.79
- HCG NCHRI Oncology LLP	1.22	1.29
- HCG Manavata Oncology LLP	0.97	0.49
- BACC Healthcare Private Limited	0.29	0.37
- Apex HCG Oncology Hospitals LLP	1.89	2.16
- HCG EKO Oncology LLP	1.50	1.08
- HCG SUN Hospitals LLP	2.43	-
Other advances given		
- Strand Life Sciences Private Limited	-	29.16

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

B Details of related party transactions during the year: (Contd..)

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Other advances received		
- Apex HCG Oncology Hospitals LLP	18.89	-
- HCG Manavata Oncology LLP	27.00	-
- HCG Medi-surge Hospitals Private Limited	79.03	-
Loans given		
- Niruja Product Development and Research Private Limited	1.07	224.67
- HCG Oncology LLP	5.40	15.40
Loans given repaid		
- HCG Oncology LLP	5.00	-
Reimbursement of capital expenditure/ revenue expenditure		
- HCG Medi-surge Hospitals Private Limited	23.24	3.10
- HCG Oncology LLP	3.02	0.55
- Healthcare Global (Kenya) Private Limited	-	0.66
- Healthcare Global (Africa) Private Limited	-	17.70
- BACC Healthcare Private Limited	0.24	1.84
- Healthcare Diwan Chand Imaging LLP	0.04	1.06
- Malnad Hospital and Institute of Oncology Private Limited	6.28	-
Security deposit received		
- Sada Sarada Tumor & Research Institute	-	0.50
Investment made during the year in (including corporate guarantee)		
- APEX HCG Oncology Hospitals LLP	456.10	231.03
- HCG Regency Oncology Healthcare Private Limited (Till 28 March 2018)	-	35.70
- HCG Oncology LLP	16.45	11.48
- HCG EKO Oncology LLP	61.83	49.79
- HCG Manavata Oncology LLP	29.82	232.13
- HCG NCHRI Oncology LLP	68.52	135.26
- HCG SUN Hospitals LLP	86.63	41.24
- Strand Life Sciences Private Limited	5.33	240.00
- BACC HealthCare Private Limited	-	0.69
- HCG Medi-surge Hospitals Private Limited	22.42	28.00
Investment sold during the year		
- HCG Regency Oncology Healthcare Private Limited (Till 28 March 2018)	-	167.90
Short-term employee benefits to:		
- Dr. B S Ajaikumar (Refer note 45)	28.07	25.45
- Ms. Anjali Ajaikumar	5.02	3.95
- Dr. B S Ramesh (Refer note 45)	7.28	8.14
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.		
Sitting fees to Directors		
- Shanker Annaswamy	1.15	1.70
- Sampath T Ramesh	0.91	0.96
- Sudhakar Rao	0.86	0.96
- Suresh C Senapaty	1.21	1.69
- Bhushani Kumar	0.35	0.68

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

C Details of related party balances outstanding:

(₹ in million)

Balances outstanding as at	As at 31 March 19	As at 31 March 18
Trade receivables		
- Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	0.13	0.13
- HCG Medi-surge Hospitals Private Limited	-	42.20
- Malnad Hospital and Institute of Oncology Private Limited	7.22	4.38
- BACC Healthcare Private Limited	-	0.08
- JSS Bharath Charitable Trust	4.26	4.33
- Sada Sarada Tumor & Research Institute	34.51	33.05
- HCG Oncology LLP	35.80	32.61
- HCG Foundation	9.96	12.57
- B.C.C.H.I. Trust	0.01	0.01
- Healthcare Diwan Chand Imaging LLP	-	0.04
- Health Care Process Solutions (India) Private Limited	-	0.06
- APEX HCG Oncology Hospitals LLP	7.91	12.88
- HCG NCHRI Oncology LLP	46.61	14.88
- HCG Manavata Oncology LLP	61.39	36.23
- HCG EKO Oncology LLP	2.29	-
- HCG SUN Hospitals LLP	9.59	-
Interest accrued on loan by subsidiaries		
- Malnad Hospital and Institute of Oncology Private Limited	0.30	0.30
- HCG Medi-surge Hospitals Private Limited	0.13	6.83
- Niruja Product Development and Research Private Limited	43.27	17.73
- HCG SUN Hospitals LLP	1.28	-
- HCG NCHRI Oncology LLP	5.80	0.36
- HCG Oncology LLP	-	3.25
Other financial assets		
- HCG Medi-surge Hospitals Private Limited	-	9.44
- Malnad Hospital and Institute of Oncology Private Limited	4.58	12.50
- BACC Healthcare Private Limited	5.78	5.50
- HCG Oncology LLP	37.69	37.71
- Healthcare Diwan Chand Imaging LLP	0.18	3.55
- HCG SUN Hospitals LLP	2.43	-
Other advances		
- Strand Life Sciences Private Limited	-	29.16
Loans		
- Niruja Product Development and Research Private Limited	226.80	225.73
- Healthcare Global Senthil Multi-Specialty Hospitals Private Limited	30.38	30.38
- HCG Oncology LLP	15.00	15.40
Accrued employee benefits		
- Dr. B S Ajaikumar	8.45	7.09
- Ms. Anjali Ajaikumar	0.42	-
- Dr. B S Ramesh	0.54	-
Advances to employees		
- Dr. B S Ajaikumar (Refer note 45)	-	0.93

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

C Details of related party balances outstanding: (Contd..)

(₹ in million)

Balances outstanding as at	As at 31 March 19	As at 31 March 18
Trade Payables		
- BACC Healthcare Private Limited	0.10	0.10
- Healthcare Diwan Chand Imaging LLP	15.03	9.99
- Malnad Hospital and Institute of Oncology Private Limited	-	0.04
- HCG Foundation	0.07	0.16
- Sada Sarada Tumor & Research Institute	0.01	-
- Strand Life Sciences Private Limited	20.60	-
- Apex HCG Oncology Hospitals LLP	18.89	-
- HCG Manavata Oncology LLP	3.77	3.77
Other financial liability: (Advance received from subsidiary)		
- HCG Medi-surge Hospitals Private Limited	79.03	-
- HCG Manavata Oncology LLP	27.00	-
Corporate guarantees given on behalf of:		
- HCG Medi-surge Hospitals Private Limited	418.14	303.50
- BACC Healthcare Private Limited	18.43	49.63
- HCG Oncology LLP	340.28	263.34
- HCG NCHRI Oncology LLP	76.96	76.96
- HCG Manavata Oncology LLP	57.22	5.96
- HCG EKO Oncology LLP	175.52	73.81
- HCG SUN Hospitals LLP	136.32	-
- Apex HCG Oncology Hospitals LLP	279.86	169.86

*The Company has provided for non recoverability of the loan given of ₹ 30.38 million.

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 July 1, 2015 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 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.

For the financial year ended 31 March 2018

In terms of the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, the maximum amount of remuneration payable to the Chairman & CEO of the Company for the year ended March 31, 2018 amounted to ₹ 24.52 Million. Based on the approval of the Nomination and Remuneration Committee of the Company, the Board of Directors had proposed and accrued an additional remuneration of ₹ 0.93 Million to the Chairman & CEO of the Company in excess of the limits specified under the Companies Act, 2013, which was subject to the approval of the Central Government, for which the Company had to file the necessary application. The additional remuneration was to be paid on receipt of approval from the Central Government and pending such approval the amount was not paid and the corresponding amount was disclosed as "Advance". Considering the amendment to the relevant provision of the Act and pending application to the Central Government, the additional remuneration of ₹ 0.93 million and corresponding advances were reversed during the year ended 31 March 2019.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

46 Investments, loans, guarantees and security

(a) The Company has made investment in the following companies

(₹ in million)

Particulars	As at 31 March 2018	Invested during the year	Sold during the year	As at 31 March 2019
Investment in equity instruments*				
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 Regency Oncology Healthcare Private Limited (till 28 March 2018)	-	-	-	-
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 (equity and preference)				
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 diminution in investment of ₹ 8.38 million

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(b) The Company has given inter-corporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the loan
Niruja Product Development and Research Private Limited	225.73	1.07	226.80	These loans have been given for operational requirements of the entity
HCG Oncology LLP	15.40	(0.40)	15.00	
Apex Super Speciality Hospitals Private Limited	20.00	(20.00)	-	
HealthCare Global Senthil Multi-Specialty Hospitals Private Limited*	30.38	-	30.38	These loans have been temporarily given for operational requirements of the respective entities
Suchirayu Healthcare Solutions Limited	48.00	57.00	105.00	

*The Company has provided for non recoverability of the loan given of ₹ 30.38 million

(c) 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 loan
HCG Medi-surge Hospitals Private Limited	303.50	114.64	418.14	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
BACC Healthcare Private Limited	49.63	(31.20)	18.43	Corporate guarantee given to Axis Bank towards working Capital loan / Term loan
HCG Oncology LLP	263.34	76.94	340.28	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
HCG NCHRI Oncology LLP	76.96	-	76.96	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
HCG Manavata Oncology LLP	5.96	51.26	57.22	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
HCG EKO Oncology LLP	73.81	101.71	175.52	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
Apex HCG Oncology Hospitals LLP	169.86	110.00	279.86	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(c) The Company has provided the guarantees to the following entities (Contd..)

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the loan
HCG SUN Hospitals LLP	-	136.32	136.32	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
NCHRI Private Limited	458.00	-	458.00	Corporate guarantee given to Yes Bank towards working Capital loan / Term loan
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.

(d) The Company has made investment in the following companies

(₹ in million)

Entity	As at 31 March 2017	Invested during the year	Sold during the year	As at 31 March 2018
Investment in equity instruments*				
Malnad Hospital & Institute of Oncology Private Limited	6.44	-	-	6.44
Niruja Product Development and Healthcare Research Private Limited (formerly MIMS HCG Oncology Private Limited)	0.50	-	-	0.50
HCG Medi-surge Hospitals Private Limited	94.67	28.00	-	122.67
BACC HealthCare Private Limited	602.28	0.69	-	602.97
HCG Regency Oncology Healthcare Private Limited (till 28 March 2018)	132.20	35.70	(167.90)	-
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	70.71	231.03	-	301.74
HCG NCHRI Oncology LLP	31.89	135.26	-	167.15
HCG EKO Oncology LLP	2.50	49.79	-	52.29

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(d) The Company has made investment in the following companies (Contd..)

(₹ in million)

Entity	As at 31 March 2017	Invested during the year	Sold during the year	As at 31 March 2018
HCG Manavata Oncology LLP	227.75	232.13	-	459.88
HCG Oncology LLP	74.17	11.48	-	85.65
HCG SUN Hospitals LLP	-	41.24	-	41.24
Investment in other companies				
Zoctr Health Private Limited	-	7.64	-	7.64
Suchirayu Healthcare Solutions Limited	-	0.50	-	0.50
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	-	240.00	-	240.00

* This 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 diminution in investment of Rs 8.38 million

(e) The Company has given inter-corporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of loans
Niruja Product Development and Healthcare Research Private Limited (formerly MIMS HCG Oncology Private Limited)	1.06	224.67	225.73	The loan has been given for the purpose of investing in HCG (Mauritius) Private Limited
HCG Oncology LLP	-	15.40	15.40	
HealthCare Global Senthil Multi-Specialty Hospital Private Limited*	30.38	-	30.38	
Suchirayu Healthcare Solutions Limited#	30.00	18.00	48.00	These loans have been given for operational requirements of the respective entities
Apex Super Speciality Hospitals Private Limited	20.00	-	20.00	
NCHRI Private Limited	4.30	(4.30)	-	
Zoctr Health Private Limited	5.00	(5.00)	-	

*The Company has provided for non recoverability of the loan given of ₹ 30.38 million

#Security deposit given to Suchirayu Healthcare Solutions Limited in FY 17 has been converted into inter-corporate deposit in FY 18. (refer cash flow statement)

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(f) The Company has provided the guarantees to the following entities

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of the guarantee
HCG Medi-surge Hospitals Private Limited	303.50	-	303.50	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG Medi-surge Hospitals Private Limited
BACC Healthcare Private Limited	46.77	2.86	49.63	Corporate guarantee given to Axis Bank for giving term loan / working capital loan for BACC healthcare Pvt Ltd
HCG Oncology LLP	124.00	139.34	263.34	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG Oncology LLP
HCG Regency Oncology Healthcare Private Limited (till 28 March 2018)	345.37	(345.37)	-	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG Regency Oncology Healthcare Private Limited
"HCG NCHRI Oncology LLP"	49.90	27.06	76.96	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG NCHRI Oncology LLP
HCG Manavata Oncology LLP	-	5.96	5.96	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG Manavata Oncology LLP
HCG EKO Oncology LLP	-	73.81	73.81	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG EKO Oncology LLP
Apex HCG Oncology Hospitals LLP	85.50	84.36	169.86	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for HCG EKO Oncology LLP
NCHRI Private Limited	319.75	138.25	458.00	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for NCHRI Private Limited
Total	1,274.79	126.27	1,401.06	

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

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47 Merger of HCG Pinnacle Oncology Private Limited

HCG Pinnacle Hospitals Private Limited (HCG Pinnacle) was engaged in providing healthcare services.

During the year ended 31 March 2018, the minority shareholder invested ₹ 9.56 million.

During the year ended 31 March 2018, the Company acquired 49.9% in HCG Pinnacle for ₹ 18.80 million pursuant to which HCG Pinnacle become the wholly owned subsidiary of the Company (refer note 15.4).

During the previous year, ended 31 March 2018, Regional Director, Ministry of Corporate affairs, Hyderabad approved the scheme of merger (‘the Scheme’) between HCG Pinnacle and the Company with 01 April 2016 as appointed date.

Pursuant to the scheme, all the assets and liabilities of HCG Pinnacle Hospitals Private Limited are transferred and vested into the Company from 01 April 2016 i.e., the appointed date. Accordingly the comparative financial information for the year ended 31 March 2017 has been restated to include the assets and liabilities as at 31 March 2017 and operations for the year ended 31 March 2017 of HCG Pinnacle.

The entire share capital of HCG Pinnacle Oncology Hospitals Private Limited is held by the Company and its nominees i.e. HCG Pinnacle Oncology Hospitals Private Limited is a wholly owned subsidiary of the Company. Upon the scheme coming into effect, all the shares of HCG Pinnacle Oncology Hospitals Private Limited held by the Company (either directly or through nominees) have been cancelled. No new shares were issued or payment has been made in cash what so ever by the Company in lieu of cancellation of such shares of HCG Pinnacle Oncology Hospitals Private Limited.

The amalgamation of HCG Pinnacle with the Company was accounted for under the “Pooling of Interest” method as prescribed under the Appendix C of Indian Accounting Standard (Ind AS) 103 “Business combinations”. Pursuant to the Scheme, the assets and liabilities of the HCG Pinnacle as at 01 April 2016 have been incorporated in the financial statements of the Company at their respective book values as appearing in the financials statements of HCG Pinnacle.

The book value of assets and liabilities of HCG Pinnacle taken over are as follows:

Particulars	Amount (₹ in million)
Non current assets	
Fixed assets (net)	-
Capital work in progress	247.51
Financial assets	5.17
Deferred tax assets (net)	2.55
Current tax assets (net)	0.02
Other non current assets	11.15
	266.40
Current assets	
Inventories	2.15
Trade receivables	0.05
Cash and cash equivalents	0.68
Other bank balances	0.02
Loans	0.08
	2.98
Total assets	269.38

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

47 Merger of HCG Pinnacle Oncology Private Limited (Contd..)

Particulars	Amount (₹ in million)
Non current liabilities	
Borrowings	263.73
Other financial liabilities	9.34
Provisions	0.33
	273.40
Current liabilities	
Trade payables	4.81
Other current liabilities	0.70
	5.51
Total liabilities	278.91
Net liabilities taken over	(9.53)
Investment of the Company in HCG Pinnacle Oncology Private Limited	0.50
Equity share capital of the HCG Pinnacle Oncology Private Limited	(1.00)
Payable to non-controlling interest	(18.71)
Impact in other equity (refer note 15)	(28.74)
Recognised in retained earnings	(5.27)
Recognised in amalgamation adjustment deficit account	(23.47)
Total	(28.74)

Pursuant to the scheme, all the assets and liabilities of HCG Pinnacle Hospitals Private Limited were transferred and vested into the Company from 01 April 2016 i.e., the appointed date.

48 Utilisation of net proceeds from Initial Public Offer

The statement of category wise utilisation of net proceeds from Initial Public Offer is:

Category wise utilisation of net proceeds from Initial Public Offer

(₹ in million)

Particulars	Amount proposed to be utilised	Amount proposed to be utilised after reallocation	Actual utilisation upto 31 March 2019	Actual utilisation upto 31 March 2018
Purchase of medical equipment	422.00	25.80	25.80	-
Investment in IT software, services and hardware*	301.90	298.10	298.10	59.00
Pre-payment of debt	1,470.40	1,470.40	1,470.40	1,470.00
General corporate purposes	197.70	597.70	597.70	198.00
Total	2,392.00	2,392.00	2,392.00	1,727.00

₹ 396.2 million from purchase of medical equipment and ₹ 3.8 million from investment in IT software, services and hardware has been reallocated to General corporate purpose usage, as allowed by the 'Objects of the offer' section in the Prospectus of the Company for the Initial Public Offer.

* Includes ₹ 100 million ear-marked for meeting payment commitments with regard to a contract for supply of IT softwares.

Notes to the Standalone Financial Statements

for the year ended 31 March 2019

49 Effects on adoption of Ind AS 115

- 1) The Company has elected to adopt Ind AS 115 using the modified retrospective method. An entity that elects the modified retrospective method would apply Ind AS 115 retrospectively to only current period by recognising the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings at the date of application (i.e. 1 April 2018 in case of the Company).

Under the modified retrospective method, the comparative information in the standalone financial statements would not be restated and would be presented based on the requirements of the previous standard.

The impact of adoption of the standard on the financial statements of the Group is insignificant.

2) Contract balances

Particulars	Amount (₹ in million)
(a) Receivables	
i) Trade receivables: Refer note 12	
Opening balance as on 1 April 2018	1262.13
Closing balance as on 31 March 2019	1455.99
ii) Unbilled revenue : Refer note 9	
Opening balance as on 1 April 2018	84.30
Closing balance as on 31 March 2019	98.66
b) The Company does not have any contract asset as at 31 March 2019.	
c) The contract liability amount from contracts with customers is given below :	
Advance from customers : Refer note 18	
Opening balance as on 1 April 2018	158.31
Closing balance as on 31 March 2019	137.35
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	125.06

- 50 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2019 and 31 March 2018.

The accompanying notes are an integral part of these standalone financial statements

As per our reports of even date attached

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

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

Amit Somani
Partner
Membership number: 060154

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

Dr. Ramesh B.S.
Director
DIN: 00518434

Srinivasa Raghavan
Chief Financial Officer

Sunu Manuel
Company Secretary

Place : Bengaluru
Date : 23 May 2019

Place : Bengaluru
Date : 23 May 2019

Place : Bengaluru
Date : 23 May 2019

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 2019, 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 of such subsidiaries, associate, 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 2019, 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 period. 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.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>Goodwill is significant item on the consolidated balance sheet for which the Management performs impairment testing annually.</p> <p>In performing such impairment assessments, Management compared the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill has been allocated with its respective 'value in use' computed based on discounted cash flow method to determine if any impairment loss should be recognized.</p>	<p>Our audit procedures on testing for impairment of goodwill includes the following:</p> <ul style="list-style-type: none"> • test of design and operating effectiveness of internal controls process relating to impairment testing; • evaluated management's identification of CGU's, the carrying value of each CGU and the methodology followed by management for the impairment assessment in compliance with the prevailing accounting standards;

Key audit matter	How our audit addressed the key audit matter
<p>We focused on this area due to the magnitude of the carrying amounts of goodwill and the fact that significant judgments were required by Management (i) to identify whether any impairment indicators existed for any of goodwill during the year; and (ii) to compute and determine the appropriate impairment approaches, i.e. fair value less costs of disposal or value in use</p> <p>Refer note 6 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> • evaluated appropriateness of key assumptions included in the future cash flow forecasts used in computing recoverable amount of each CGU, such as, revenue growth rates, profitability, discount rates etc., with reference to our understanding of their business and historical trends; and • re-computation of impairment workings to verify mathematical accuracy and verify the appropriateness of the disclosure in the consolidated financial statements.
Property, plant and equipment	
<p>During the current year, the Group has been involved in establishing new units and expansion of existing units at several locations. The Group has incurred significant capital expenditure and Property, plant and equipment ('PPE') is a significant item on the consolidated balance sheet.</p> <p>Judgment is required in determining timing of capitalization and the nature of costs capitalized.</p> <p>Refer note 5 to the consolidated financial statements.</p>	<p>Our audit procedures on PPE in response to the identified key audit matter includes:</p> <ul style="list-style-type: none"> • test of design and operating effectiveness of internal controls process relating to capitalization of PPE; • testing on a sample basis, additions to PPE to verify the existence, nature of costs capitalized with underlying documents / management certifications and classification of PPE; • verify on a sample basis, internal management or external expert certification on timing of capitalization; and • inquired with management on variances between actual expenditure and the budgets.
Recognition of deferred tax assets	
<p>The Group has recognized Rs. 268.61 million DTA on the consolidated balance sheet, which involves judgment by management as to the likelihood and timing of the realization of these deferred tax assets ('DTA'). The expectation that the benefit of these assets will be realized is dependent on the future performance of the specific entity.</p> <p>Refer note 31 to the consolidated financial statements.</p>	<p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • obtain an understanding of DTA recognition for each entity and re-compute the DTA; • verify the income tax returns for earlier years and management prepared provision for tax computation for the year; • read and analyzed consultations carried out by management with external tax experts for tax positions taken by the Company along with our internal tax experts; • compared the business plan used for projections with the ones approved by the board of directors / appropriate levels of senior management; • discussed the cash flow projections with appropriate senior management; and • Evaluated appropriateness of key assumptions included in the business plan such as, revenue growth rates, profitability, etc., with reference to our understanding of their business and historical trends.

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 consolidated 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, 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.

Responsibilities of Management and Those Charged with Governance 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 Board of Directors of the companies 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 company 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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the entities included in the Group and of its associate and a joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and a joint venture is responsible for overseeing the financial reporting process of each company.

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 whether the company has adequate internal financial controls with reference to 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 made by management.
- Conclude on the appropriateness of management's 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 (company and subsidiaries) as well as 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, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. 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 para (a) of 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 sub-paragraph (a) of 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

- (a) We did not audit the financial statements / financial information of four subsidiaries and one step down subsidiary whose financial statements/ financial information reflect total assets of Rs. 1,739.55 million as at 31 March 2019, total revenues of Rs. 263.82 million and net cash flows amounting to Rs.12.95 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 income) of Rs. 109.83 million for the year ended 31 March 2019, 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 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 2019 taken on record by the Board of Directors of the Holding Company and its subsidiary companies and a joint venture incorporated in India, none of the directors of the Group companies and the joint venture incorporated in India is disqualified as on 31 March 2019 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 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 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 2019 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 2019;
 - 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 2019; and
 - 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 these financial statements since they do not pertain to the financial year ended 31 March 2019.

- 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, the remuneration paid during the current year by the Holding Company and its subsidiary companies 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 and its

subsidiary companies 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 **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Amit Somani

Partner

Membership No. 060154

Place: Bengaluru
Date: 23 May 2019

Annexure A to the Independent Auditors' Report

on the consolidated financial statements of HealthCare Global Enterprises Limited for the year ended 31 March 2019

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 (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 HealthCare Global Enterprises Limited as of and for the year ended 31 March 2019, 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 as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, 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 2019, 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 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.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Membership No. 060154

Place: Bengaluru

Date: 23 May 2019

Consolidated Balance Sheet

(₹ in million)

	Note No	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	8,515.43	7,125.67
(b) Capital work-in-progress	5	1,526.27	1,739.72
(c) Goodwill	6	1,093.40	1,093.40
(d) Other intangible assets	6	93.31	58.11
(e) Investments in equity accounted investees	7	384.38	480.45
(f) Financial assets			
(i) Investments	7	106.09	51.27
(ii) Loans	8	367.28	98.55
(iii) Other financial assets	9	217.48	496.00
(g) Deferred tax assets (net)	31.3	268.61	231.01
(h) Income tax assets (net)	31.4	553.90	211.07
(i) Other non-current assets	10	679.69	650.42
Total non current assets		13,805.84	12,235.67
Current assets			
(a) Inventories	11	267.72	240.26
(b) Financial assets			
(i) Trade receivables	12	1,568.92	1,284.40
(ii) Cash and cash equivalents	13	205.17	287.96
(iii) Bank balance other than cash and cash equivalents above	13.1	3.49	-
(iv) Loans	8	142.09	31.19
(v) Other financial assets	9	242.54	140.55
(c) Other current assets	10	299.68	216.57
Total current assets		2,729.61	2,200.93
TOTAL ASSETS		16,535.45	14,436.60
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	879.19	869.04
(b) Shares pending issuance	14.6	-	299.75
(c) Other equity	15	3,887.28	3,982.24
Equity attributable to owners of the Company		4,766.47	5,151.03
Non-controlling interests	16	455.47	639.21
Total equity		5,221.94	5,790.24
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	5,169.10	3,724.29
(ii) Other financial liabilities	18	228.41	915.69
(b) Provisions	20	56.41	50.99
(c) Deferred tax liabilities (net)	31.3	39.71	37.70
(d) Other non-current liabilities	19	346.75	330.12
Total non-current liabilities		5,840.38	5,058.79

Consolidated Balance Sheet

(₹ in million)

	Note No	31 March 2019	31 March 2018
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	499.88	17.35
(ii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		1.39	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,815.21	1,424.74
(iii) Other financial liabilities	18	2,760.71	1,764.38
(b) Other current liabilities	19	322.83	285.27
(c) Provisions	20	72.77	56.00
(d) Income tax liabilities (net)	31.5	0.34	39.83
Total current liabilities		5,473.13	3,587.57
Total liabilities		11,313.51	8,646.36
TOTAL EQUITY AND LIABILITIES		16,535.45	14,436.60
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 **BSR & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place : Bengaluru

Date : 23 May 2019

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Consolidated Statement of Profit and Loss

(₹ in million)

	Note No	31 March 2019	31 March 2018
I Income			
Revenue from operations	22	9,760.26	8,287.88
Income from government grants	23	26.48	19.00
Other income	24	74.09	128.02
Total income (i)		9,860.83	8,434.90
II Expenses			
Purchases of medical and non-medical items		2,214.89	1,966.38
Changes in inventories of medical and non-medical items	25	(28.50)	(69.25)
Employee benefits expense	26	1,845.20	1,577.06
Finance costs	27	699.10	423.50
Depreciation and amortisation expense	28	850.85	714.60
Other expenses	29	4,503.21	3,644.51
Total expenses (ii)		10,084.75	8,256.80
III (Loss)/profit before share of loss of an associate / joint venture, exceptional items and tax (I-II)		(223.92)	178.10
IV Share of loss of an associate / joint venture		(109.83)	(14.02)
V (Loss)/profit before exceptional items and tax (III - IV)		(333.75)	164.08
VI Exceptional items	30	-	107.68
VII (Loss)/profit before tax (V+VI)		(333.75)	271.76
VIII Tax expense			
(1) Current tax (net)	31.1	(11.04)	135.50
(2) Deferred tax credit (net)	31.1	(13.96)	(33.12)
Total tax expense		(25.00)	102.38
IX (Loss)/profit for the year (VII-VIII)		(308.75)	169.38
X Other comprehensive income / (losses)			
(i) Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the defined benefit plans	37.2	2.97	(2.46)
(b) Income tax effect on above	31.2	(0.90)	1.03
	&31.4		
(ii) Items that will be reclassified to profit or loss			
(a) Exchange differences on translation of financial statements of foreign operations		11.42	-
(b) Effective portion of loss on hedging instruments in a cash flow hedge		(64.25)	-
(c) Income tax on (ii) above 31.2 &31.4		22.46	-
Other comprehensive expense for the year, net of tax		(28.30)	(1.43)
XI Total comprehensive income for the year (IX+X)		(337.05)	167.95
(Loss)/ profit for the year attributable to:			
Owners of the Company		(247.97)	205.23
Non - controlling interests		(60.78)	(35.85)
		(308.75)	169.38

Consolidated Statement of Profit and Loss

(₹ in million)

	Note No	31 March 2019	31 March 2018
Other comprehensive (Loss)/ income for the year attributable to:			
Owners of the Company		(28.74)	(1.77)
Non-controlling interests.		0.44	0.34
		(28.30)	(1.43)
Total comprehensive (Loss)/ income for the year attributable to:			
Owners of the Company		(276.71)	203.46
Non controlling interests..		(60.34)	(35.51)
		(337.05)	167.95
(Loss)/ earnings per share :			
Basic (in ₹)	34.1	(2.82)	2.38
Diluted (in ₹)	34.2	(2.82)	2.38
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 : 23 May 2019

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Consolidated Cash Flow Statement

(₹ in million)

	Note No	31 March 2019	31 March 2018
Cash flows from operating activities			
(Loss)/profit before tax		(333.75)	271.76
Adjustments for:			
Finance costs		699.10	423.50
Gain on investment revalued at FVTPL		(3.34)	(3.61)
Gain on sale of mutual fund		-	(1.14)
Loss on disposal of property, plant and equipment		0.82	0.43
Provision for bad debts and doubtful advances		38.67	(45.74)
Interest income		(26.33)	(81.22)
Income from government grant		(26.48)	-
Bad debts written off		-	100.11
Depreciation and amortisation expense		850.85	714.60
Payables no longer required written back		(0.42)	(22.20)
Expense on employee stock option scheme		30.56	27.09
Exceptional items:			
Gain on sale of a unit	30.1	-	(37.97)
Gain on sale of subsidiary	30.2	-	(82.20)
Net loss pertaining to closure of Delhi unit	30.3	-	76.46
Net foreign exchange (gain)		(5.07)	-
Gain on loss of control on subsidiary	30.4	-	(63.97)
Share of loss of equity accounted investees		109.83	14.02
Movements in working capital:			
Changes in trade receivables		(327.57)	(397.93)
Changes in inventories		(27.46)	(79.30)
Changes in loans, financial assets and other assets other than security deposits		(75.30)	(148.65)
Security deposits paid		(53.04)	(135.80)
Changes in trade payables, financial liabilities and other liabilities		461.72	428.22
Changes in provisions		22.19	29.04
Changes in other liabilities		20.51	34.67
Cash generated from operations		1,355.49	1,020.17
Income taxes paid (net of refunds)		(370.45)	(42.04)
Net cash generated from operating activities (A)		985.04	978.13
Cash flows from investing activities			
Margin money deposits, net		(102.75)	(148.42)
Inter-corporate deposits given		(57.00)	(818.00)
Proceeds from repayment of inter-corporate deposits		20.00	804.30
Proceeds from disposal of property, plant and equipment		2.01	1.71
Acquisition of property, plant and equipment		(1,887.82)	(2,561.63)
Acquisition of business, net of cash and cash equivalents	48 & 49	(70.25)	(92.29)
Interest received		23.15	38.83
Investment in Associate		(5.33)	(233.12)

Consolidated Cash Flow Statement

(₹ in million)

	Note No	31 March 2019	31 March 2018
Investment in debentures		-	(50.00)
Proceeds from redemption of debentures		-	50.00
Investments in other companies		(51.47)	(3.14)
Proceeds from sale of a subsidiary		-	212.31
Gain from sale of mutual funds		-	1.14
Payment for acquisition of minority stake in a subsidiary		(252.52)	(18.71)
Net cash (used in) investing activities (B)		(2,381.98)	(2,817.02)
Cash flows from financing activities [§]			
Proceeds from issue of equity shares		0.93	348.10
Amount received from minority shareholders in the subsidiaries		55.59	123.39
Proceeds from borrowings*		3,827.37	3,464.53
Repayment of borrowings*		(2,532.00)	(1,972.08)
Interest paid		(516.78)	(351.08)
* Includes ₹ 605.8 million (FY 18 ₹ 745.98 million) of term loans drawn from banks towards settlement of deferred payment obligations			
Net cash generated by financing activities (C)		835.11	1,612.86
Net decrease in cash and cash equivalents (A+B+C)		(561.83)	(226.03)
Cash and cash equivalents at the beginning of the year	13	270.61	510.84
Cash and bank balances on sale of a unit, sale of subsidiary & loss of control on a subsidiary,	30.1, 30.2 & 30.4	-	(14.20)
Cash and cash equivalents at the end of the year	13	(291.22)	270.61

[§] Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2019

(₹ in million)

Particulars	Term loan from bank and others	Deferred payment liabilities	Vehicle loan	Finance leases	Other borrowing cost	Total
Debt as at 1 April 2018	2,559.22	1,489.26	7.97	555.17	-	4,611.62
Interest accrued but not due as at 1 April 2018	20.36	-	-	107.55	-	127.91
Cash flows including interest paid	1,159.68	(74.86)	(2.21)	(67.98)	(236.04)	778.59
- For ex adjustment in fixed assets	-	28.49	-	-	-	28.49
- Interest expense*	307.49	38.36	0.58	81.80	270.87	699.10
- Forward premium adjusted against derivative liability	-	-	-	-	(29.33)	(29.33)
- Equipment purchased on financial lease	-	-	-	8.82	-	8.82
- Interest on business acquisition	-	-	-	-	(5.50)	(5.50)
Interest accrued but not due as at 31 March 2019	(18.94)	-	-	(121.63)	-	(140.57)
Debt as at 31 March 2019	4,027.81	1,481.25	6.34	563.73	-	6,079.13

*Interest on other borrowing cost include interest on short term borrowings, premium on forward contracts, foreign exchange loss regarded as borrowing cost and bank charges.

Consolidated Cash Flow Statement

Reconciliation of movements of liabilities to cash flows arising from financing activities as an extraction of cash flow as at 31 March 2018

(₹ in million)

Particulars	Term loan from bank and others	Deferred payment liabilities	Vehicle loan	Finance leases	Total
Debt as at 1 April 2017	1,458.56	1,834.48	2.17	490.55	3,785.76
Interest accrued but not due as at 1 April 2017	34.04	-	-	72.73	106.77
Cash flows including interest paid**	1,496.53	(223.83)	5.32	(45.55)	1,232.47
Other Changes					
- Ind AS adjustment with respect to unamortised loan processing charges	(58.58)	-	-	-	(58.58)
- Change on sale of subsidiary (refer note 30.2)	(570.30)	(168.40)	-	-	(738.70)
- Unrealised forex Adjustment	-	4.83	-	-	4.83
- Interest expense	219.33	42.18	0.48	70.42	332.41
- Finance lease arrangement for the year	-	-	-	74.57	74.57
Interest accrued but not due as at 31 March 2018	(20.36)	-	-	(107.55)	(127.91)
Debt as at 31 March 2018	2,559.22	1,489.26	7.97	555.17	4,611.62

**The above interest paid does not include other borrowing costs and interest paid of ₹ 91.01 million in respect of other facilities like bank overdraft which is not considered above.

*Interest expense accrued for the year has been converted to borrowings.

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 **BSR & Co. LLP**

Chartered Accountants

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

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Amit Somani

Partner

Membership number: 060154

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Dr. Ramesh B.S.

Director

DIN: 00518434

Srinivasa Raghavan

Chief Financial Officer

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Place : Bengaluru

Date : 23 May 2019

Place : Bengaluru

Date : 23 May 2019

Consolidated Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

a. Equity share capital

Particulars	No of Shares	(₹ in million)
Balance as at 01 April 2017	85,712,986	857.13
(a) Issue of equity shares pursuant to preferential allotment (refer note 14.1)	1,166,667	11.66
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(C))	24,820	0.25
Balance as at 31 March 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 38(C))	80,060	0.80
Balance as at 31 March 2019	87,919,033	879.19

b. Shares pending issuance

Balance as at 01 April 2017	-	-
Add: During the year (refer note 48)	299.75	299.75
Balance as at 31 March 2018	299.75	299.75
Less: Share issued during the year (refer note 14.1 & 14.6)	(299.75)	(299.75)
Balance as at 31 March 2019	-	-

c. Other equity

Particulars	Note No.	Reserves and Surplus			Items of other comprehensive income			Equity attributable to share holders of the company	Non-controlling interests	Total
		Capital reserve	Securities premium	Share options outstanding account (refer note 15.2)	Retained earnings	Foreign currency translation reserve	Remeasurements of the defined benefit plans			
Balance as at 01 April 2017		5.60	4,945.44	12.17	(1,493.37)	-	(0.37)	-	574.62	4,044.09
Profit for the year		-	-	-	205.23	-	-	205.23	(35.85)	169.38
Other comprehensive income for the year (net of tax)		-	-	-	-	-	(1.77)	(1.77)	0.34	(1.43)
Total comprehensive income		-	-	-	205.23	-	(1.77)	-	(35.51)	167.95
Transactions recorded directly in equity										
Premium received on shares issued during the year	15.1	-	338.34	-	-	-	-	338.34	-	338.34
Share issue expenses incurred during the year		-	(1.08)	-	-	-	-	(1.08)	-	(1.08)

(₹ in million)

Consolidated Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

c. Other equity (Contd..)

(₹ 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
		Capital reserve	Securities premium	Share options outstanding account (refer note 15.2)	Retained earnings	Foreign currency translation reserve	Remeasurements of the defined benefit plans			
Transferred to Securities premium account on exercise of ESOPs	15.2	-	2.18	(2.18)	-	-	-	-	-	-
Expense on employee stock option scheme		-	-	27.09	-	-	-	27.09	-	27.09
Change in fair value of gross obligations over written put options issued to the non-controlling interests	15.6	-	-	-	55.01	-	-	55.01	-	55.01
On acquisition of business	49	1.17	-	-	-	-	-	1.17	-	1.17
On equity accounted investee		8.90	-	-	-	-	-	8.90	-	8.90
Additional investments by non-controlling interests	16	-	-	-	-	-	-	-	123.39	123.39
Adjustment on account of change in holding without change in control	16	-	-	-	(120.12)	-	-	(120.12)	101.30	(18.82)
Reduction in non-controlling interest on account of sale of equity investment in subsidiary HCG Regency Oncology Private Limited (Refer note 30.2)	16	-	-	-	-	-	-	-	(124.59)	(124.59)
Balance as at 31 March 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 income for the year (net of tax)		-	-	-	-	11.42	2.07	(41.79)	0.44	(27.86)
Total comprehensive income		-	-	-	(247.97)	11.42	2.07	(276.27)	(60.34)	(336.61)
Transactions recorded directly in equity										
Premium received on shares issued during year	15.1 & 15.2	-	290.63	-	-	-	-	290.63	-	290.63
Share issue expenses incurred during the year	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		-	-	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	-	-	-	-	-	-	-	55.29	55.29
Adjustment on account of change in holding without change in control	15.6 & 16	-	-	-	(67.15)	-	-	(67.15)	(178.69)	(245.84)
Balance as at 31 March 2019		6.77	5,587.35	55.71	(1,732.11)	11.42	(0.07)	3,887.28	455.47	4,342.75

Consolidated Statement of Changes in Equity

for the years ended 31 March 2019 and 31 March 2018

c. Other equity (contd..)

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

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 during the previous year. During the current year, the capital reserve created during the previous year on Strand Life Sciences has been reversed.

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.

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, net of taxes and is presented within equity in the FCTR.

Remeasurement of defined benefit plan

This represents the actuarial gain and losses on defined benefit plan (excluding interest).

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 **BS R & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place : Bengaluru

Date : 23 May 2019

for and on behalf of the Board of Directors

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 2019 were approved by the Board of Directors and authorised for issue on 23 May 2019.

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

The Group has positive operating cash flows during the year and expects continuous increase in operating cash flows in future periods. As at the balance sheet date, the Group’s current liabilities exceeds its current assets, however, considering positive operating cash flows, current and in future periods, and also the unutilized approved sanction limits available with banks, which would suffice to meet all its obligations and discharge all liabilities including planned investing activities, the financial statements are prepared on a going concern basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs), 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 of the Group 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.

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

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 18 - Liability on written put options
- Note 36 - Leasing arrangements.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- Note 38 - Share based payments.
- Note 39 - Financial instruments.
- Note 46 - Consolidation, whether the Group has control over an investee
- Note 5 - Property, plant and equipment: Timing of capitalisation and nature of cost capitalised

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 5 - Estimation of useful life of property, plant and equipment
- Note 41 - Impairment of financial assets.
- Note 31.3 - Deferred tax balances (net)
- Note 32 - 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 7 - Investment in subsidiaries/impairments

(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 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 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 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.

(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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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.

(f) 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 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.

3 Summary of significant accounting policies

(a) Revenue recognition

Effective 01 April 2018, the Group adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective method. The adoption of this standard does not have a material impact on the revenue from operations and the statement of profit/loss for the year ended 31 March 2019. Accordingly, the comparatives were not restated given the Group adopted the standard using modified retrospective method. The comparatives continue to be reported under Ind AS 18 and Ind AS 11.

Medical services

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Revenue 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 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

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

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

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

(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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 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

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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 amount of current tax reflects the best estimate of the tax to be paid after considering the uncertainty and is calculated by 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,

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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

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.

(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 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.

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(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 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

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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 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.
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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.
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Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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, 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

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for the year ended 31 March 2019

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 through 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.

(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 its 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 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.

Notes to the Consolidated Financial Statements

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(q) Investment in subsidiaries and joint ventures

(i) Initial recognition

The acquired investment in subsidiaries and joint ventures are measured at acquisitions 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.

4 New accounting standards not yet adopted

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified certain amendments to

Indian Accounting Standards (Ind AS). All these amendments have not been applied by the Group as these are effective from financial year beginning on or after 1 April 2019.

(a) Ind AS 116- Leases

On 30 March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 'Leases' (new lease standard), which replaces Ind AS 17 'Leases', including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group will adopt these standards, effective from 1 April 2019, using the modified retrospective approach with recognition of right to use the asset as same amount as lease liability, with no restatement of comparative information.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the

date of initial application i.e. 1 April 2019 without adjusting comparatives.

The adoption of this amendment is not expected to be material on the consolidated financial statements.

(c) Amendment to Ind AS 19 – Plan Amendment, Curtailment or Settlement:

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group does not expect any significant impact of this amendment on its consolidated financial statements.

(d) Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

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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 equipment - Owned			Plant and equipment - Leased			Property, Plant and Equipment			Total (A)	Capital work in progress
	land	Owned	Owned	Owned	Leased	Owned	Owned	Leased	Owned	Leased	Owned	Leased	Office Equipment	Furniture and Fixtures	Data processing equipments	Electrical installation	Vehicles						
I. Gross block																							
Balance as at 31 March 2017	462.49	694.59	398.02	659.40	4,417.23	55.37	50.84	142.96	73.73	31.20	23.07	7,008.90	1,482.26										
Additions**	-	381.19	79.55	170.45	1,864.07	-	19.74	70.05	44.98	19.72	12.73	2,662.48	2,368.14										
Disposals	-	-	-	(43.34)	(104.63)	-	(1.64)	(3.59)	(2.57)	-	(3.45)	(159.22)	(184.91)										
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,889.46)										
Sale of Triesta unit during the year (Refer note 30.1)	-	-	-	(16.28)	(129.91)	-	(6.89)	(3.88)	(7.56)	(0.06)	-	(164.58)	(36.31)										
Acquisitions through business combinations (refer note 48 & 49)	-	-	-	-	11.35	-	2.44	1.55	0.41	0.05	0.20	16.00	-										
Exchange fluctuation	-	-	-	-	(4.14)	-	-	-	-	-	-	(4.14)	-										
Adjustment**	-	-	-	-	55.37	(55.37)	-	-	-	-	-	-	-										
Sale of subsidiary during the year (Refer note 30.2)	(59.63)	(415.08)	-	-	(372.78)	-	(1.32)	(24.25)	(5.63)	(1.21)	(0.44)	(880.34)	-										
Balance as at 31 March 2018	402.86	660.70	471.57	770.23	5,736.56	-	63.17	182.84	103.36	49.70	32.11	8,479.10	1,739.72										
Additions**	-	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)										
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	(1,757.41)										
Exchange fluctuation	-	-	-	-	9.92	-	-	-	-	-	-	9.92	-										
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										
II. Accumulated depreciation																							
Balance as at 31 March 2017	-	30.61	32.13	105.03	5,491.11	13.93	24.43	37.28	29.74	13.65	2.92	838.83	-										
Depreciation expense for the year	-	19.55	17.84	82.89	491.00	8.21	11.03	25.97	24.70	4.51	4.47	690.17	-										
Disposals	-	-	-	(21.24)	(71.86)	-	(1.19)	(3.16)	(2.19)	-	(2.84)	(102.48)	-										
Adjustment	-	-	-	-	22.14	(22.14)	-	-	-	-	-	-	-										
Sale of Triesta unit during the year (Refer note 30.1)	-	-	-	(4.01)	(23.77)	-	(2.86)	(1.85)	(4.14)	-	-	(36.63)	-										
Sale of subsidiary during the year (Refer note 30.2)	-	(5.35)	-	-	(27.34)	-	(0.29)	(1.60)	(1.73)	(0.10)	(0.05)	(36.46)	-										
Balance as at 31 March 2018	-	44.81	49.97	162.67	939.28	-	31.12	56.64	46.38	18.06	4.50	1,353.43	-										
Disposals	-	-	-	-	(217)	-	(0.19)	(0.28)	-	-	(0.32)	(2.96)	-										
Depreciation expense for the year	-	14.25	20.21	109.17	568.73	0.39	17.70	34.86	30.11	16.41	4.38	816.22	-										
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	-										
Net block as at 31 March 2018	402.86	615.89	427.60	607.56	4,797.28	-	32.05	126.20	56.98	31.64	27.61	7,125.67	1,739.72										
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										

Refer note 17 for details of charge created on fixed assets.

*Directly attributable to expenditure capitalised of ₹ 385.78 million (31 March 2018: ₹ 346.12 million) of which borrowing cost capitalised is ₹ 30.16 million. (31 March 2018: ₹ 0.82 million).

**Pertain to assets classified as finance lease till earlier year. During the previous year, on account of settlement of lease obligation this has been transferred to owned assets.

§Additions includes government grant recognised at fair value (refer note 19).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

6 Goodwill and other intangible assets

(₹ in million)

Description of assets	Goodwill (refer note (6A) below)	Other intangible assets			Total other intangible assets
		Computer software	Tenacy rights	Software for plant and machinery	
I. Cost					
Balance as at 01 April 2017	608.88	112.41	-	3.42	115.83
Additions	-	10.26	-	-	10.26
Acquired through business combination (refer note 48 & 49)	484.52	-	11.00	-	11.00
Sale of Triesta unit during the year (refer note 30.1)	-	(2.84)	-	-	(2.84)
Sale of subsidiary during the year (Refer note 30.2)	-	(5.61)	-	-	(5.61)
Balance as at 31 March 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
II. Accumulated amorisation					
Balance as at 01 April 2017	-	44.34	-	3.42	47.76
Sale of Triesta unit during the year (refer note 30.1)	-	(1.60)	-	-	(1.60)
Sale of subsidiary during the year (refer note 30.2)	-	(0.06)	-	-	(0.06)
Amortisation expense for the year	-	22.23	2.20	-	24.43
Balance as at 31 March 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
Net block as at 31 March 2018	1,093.40	49.31	8.80	-	58.11
Net block as at 31 March 2019	1,093.40	86.71	6.60	-	93.31

Refer note 17 for details of charge created on intangibles.

A 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 2019	As at 31 March 2018
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 48)	484.52	484.52
Total	1,093.40	1,093.40

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(a) The key assumptions used in the estimation of the recoverable amount are set out below:

Assumptions	31 March 2019	31 March 2018
	Values in %	Values in %
Annual growth rate	10% to 20%	10% to 22%
Terminal growth rate	4% to 5%	4% to 5%
Discount rate	12% to 20%	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.

7 Investment in equity accounted investees

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Unquoted equity instruments & preference instruments		
In Associate		
Healthcare Global (Africa) Private Limited	244.66	262.45
160,659 ordinary shares of USD 1 each fully paid up & 115,820 Preferred A shares of USD 1 each along with premium of USD 30.12 per share (31 March 2018: 160,659 ordinary shares of USD 1 each fully paid up & 115,820 Preferred A shares of USD 1 each along with premium of USD 30.12 per share)		
In Joint Venture		
Strand Life Sciences Private Limited	139.72	218.00
9,140,342 equity shares of ₹ 10 each & 101,193 Series 1 preference shares of ₹ 10 each, fully paid up along with a premium of ₹ 15.97 per share and 42,671 equity shares of ₹ 10 each, fully paid up along with a premium of ₹ 115 per share (31 March 2018: 9,140,342 equity shares of ₹ 10 each & 101,193 Series 1 preference shares of ₹ 10 each, fully paid up along with a premium of ₹ 15.97 per share)		
	384.38	480.45

Notes to the Consolidated Financial Statements

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7 Investments

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
A) Non-current		
Investments carried at fair value through profit and loss (FVTPL)		
(i) Unquoted equity instruments		
Zoctr Health Private Limited (299 equity shares of ₹ 10/- each, fully paid along with a premium of ₹ 17,097.25 per share and 153 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 16,498 per share (31 March 2018: 299 equity shares of ₹ 10/- each, fully paid along with a premium of ₹ 17,097.25 per share and 153 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 16,498 per share)	7.64	7.64
Suchirayu Healthcare Solutions Limited (2,055,000 equity shares of ₹ 10/- each, fully paid up (31 March 2018: 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 along with a premium of ₹ 416.36/- per share (31 March 2018: Nil)	5.61	-
Epigeneres Biotech Private Limited (79 equity shares of ₹ 10/- each, fully paid up along with a premium of ₹ 126,572.28/- per share (31 March 2018: Nil)	10.00	-
Niramai Health Analytix Private Limited (10 equity shares of ₹ 1/- fully paid up along with a premium of ₹ 7,331.24/- per share (31 March 2018: Nil)	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 along with a premium of ₹ 7,321.24/- per share (31 March 2018: Nil)	35.79	-
(iii) Mutual funds (Quoted)		
Religare Invesco Short Term Fund- 17,112.198 units @ ₹ 2,716.19 (31 March 2018: 17,112.198 units @ ₹ 2,520.36)	46.48	43.13
Total Non current investments	106.09	51.27
Aggregate amount of quoted investments	46.48	43.13
Aggregate amount of Market value of investments	46.48	43.13
Aggregate amount of unquoted investments	59.61	8.14

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

8 Loans (Unsecured)

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Considered good				
a) Advances to employees	-	23.08	-	31.19
b) Inter-corporate deposits	-	105.00	68.00	-
c) Security deposits (refer note 44)	367.28	14.01	-	-
d) Other advances to related parties (refer note 44)	-	-	29.16	-
e) Others	-	-	1.39	-
Total	367.28	142.09	98.55	31.19

*Refer note 17 for details of charge created on current loans.

9 Other financial assets

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Security deposits (refer note 44)	-	-	327.68	0.57
Unbilled revenue (refer note 51)	-	159.50	-	126.80
Advances to related parties (Refer note 44) ²	6.79	-	2.87	-
Term deposits (more than 12 months maturity from the reporting date) ¹	196.89	56.98	142.02	9.10
Interest accrued on deposit	13.80	0.99	14.30	4.08
Interest accrued on inter corporate deposit	-	15.90	9.13	-
Others	-	9.17	-	-
	217.48	242.54	496.00	140.55

Note

¹Term deposits include margin money deposits with banks and deposits given as security for obtaining bank guarantees

(₹ in million)

²Details of advances to directors	As at 31 March 2019	As at 31 March 2018
i) Advances to director		
- Dr. B S Ajaikumar	-	0.93

*Refer note 17 for details of charge created on other current financial assets.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

10 Other assets

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current*	Non Current	Current
Unsecured, considered good				
Capital advances	359.63	-	314.79	-
Prepaid expenses	320.06	60.63	335.63	66.20
Rental advance	-	37.04	-	15.33
Advance to vendors	-	153.31	-	101.34
Balance with revenue authorities	-	48.70	-	33.70
Unsecured, considered doubtful				
Advance to vendors	-	27.13	-	29.03
Less : Allowance for bad and doubtful advances	-	(27.13)	-	(29.03)
	679.69	299.68	650.42	216.57

*Refer note 17 for details of charge created on other current assets.

11 Inventories (lower of cost and net realisable value)*

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Medicinal and non medical items	267.72	240.26
	267.72	240.26

*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)

	As at 31 March 2019	As at 31 March 2018
Trade receivables (unsecured) consist of following		
a) Considered good	1,568.92	1,284.40
b) Considered doubtful	378.82	340.14
Less: Allowance for bad and doubtful debts (expected credit loss allowance - Refer note 41)	(378.82)	(340.14)
	1,568.92	1,284.40

*Trade receivables are subject to charge to secure bank loans

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Refer note 44 for trade receivables from related parties

Note: Trade receivables include due from companies in which any director is a director or member

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Private companies in which any director is a director or member		
- Health Care Process Solutions (India) Private Limited	-	0.06

13 Cash and bank balance

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
A Cash and cash equivalents		
(a) Cash on hand	11.82	7.62
(b) Cheques, drafts on hand	11.65	1.60
(c) Balance in bank		
In current accounts	174.24	182.33
In Exchange Earners Foreign Currency Account (EEFC) accounts	7.46	17.11
(d) Other deposits*	-	79.30
	205.17	287.96

13.1 Bank balance other than cash and cash equivalents above

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Other deposits*	3.49	-
Bank balance other than cash and cash equivalents above	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 2019	As at 31 March 2018
(a) Cash on hand	11.82	7.62
(b) Cheques, drafts on hand	11.65	1.60
(c) Balance with bank		
In current accounts	174.24	182.33
In EEFC accounts	7.46	17.11
(d) Other deposits	3.49	79.30
	208.66	287.96
Less: Bank overdrafts and repayable on demand (Refer Note 17)	(499.88)	(17.35)
Cash and cash equivalents as per consolidated statement of cash flows	(291.22)	270.61

Notes to the Consolidated Financial Statements

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14 Equity share capital

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Authorised share capital :		
132,000,000 equity shares of ₹10 each (as at 31 March 2018: 132,000,000 equity shares of ₹10 each)	1,320.00	1,320.00
Issued, subscribed and paid up capital comprises:		
87,919,033 fully paid equity shares of ₹10 each (as at 31 March 2018: 86,904,473 fully paid equity shares of ₹10 each)	879.19	869.04

14.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

	Number of shares	Amount (₹ in million)
Balance as at 01 April 2017	85,712,986	857.13
(a) Issue of equity shares pursuant to preferential allotment	1,166,667	11.66
(b) Issue of equity shares pursuant to exercise of employee share options under employee share option plan 2014 (refer note 38(C))	24,820	0.25
Balance as at 31 March 2018	86,904,473	869.04
Increase during the year		
(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 2010 and 2014 (refer note 38(C))	80,060	0.80
Balance as at 31 March 2019	87,919,033	879.19

- a) The shareholders of the Company, vide resolution passed in Extra Ordinary General Meeting, held on 29 March 2018, approved the allotment of 934,500 (Nine lakhs thirty four thousand five hundred) 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. Gopi Chand. The same was allotted to Dr. Gopi Chand on 09 April 2018.
- b) During the previous year, the shareholders of the Company, vide resolution passed in Extra Ordinary General Meeting, held on 28 December 2017, approved the allotment of 1,166,667 (Eleven Lakhs Sixty Six Thousand Six Hundred Sixty Seven) equity shares of ₹10 each of the Company, at a price of ₹300 per share (including share premium of ₹290 per share), on preferential basis, to Indgroth Capital Fund 1, a SEBI registered Category III, alternative Investment Fund ('Allottee').
- c) At the Board meeting held on 23 May 2019, the Board of Directors of the Company has approved the proposal for issuance of 710,526 equity shares of ₹10 per share at a price of ₹285 per share (inclusive of face value of ₹10 per share), on Preferential Allotment basis, to Dr. Gee Varghese ("Investor"), subject to the approval of the shareholders of the Company in the proposed Extra Ordinary General Meeting.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

14.3 Details of shareholder holding more than 5% shares of equity shares

	As at 31 March 2019		As at 31 March 2018	
	Number of Shares held	% holding of equity shares	Number of Shares held	% holding of equity shares
Dr B.S Ajaikumar	17,673,346	20.10%	17,642,739	20.30%
V Sciences Investments Pte. Limited	8,320,805	9.46%	8,320,805	9.57%
Sundaram Mutual Fund	6,656,557	7.57%	4,551,524	5.24%
Buena Vista Asian Opportunities Master Fund Ltd.	5,251,168	5.97%	-	-
International Finance Corporation	-	-	4,358,705	5.02%

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 years ended 31 March 2019 and 31 March 2018

Particulars	Aggregate number of shares as at	
	As at 31 March 2019	As at 31 March 2018
(a) Issue of shares pursuant to mergers	1,531,562	1,531,562
(b) Issue of shares pursuant to Business acquisition	934,500	-

14.5 Number of equity shares of ₹ 10/- each reserved for issuance

Particulars	Aggregate number of shares as at	
	As at 31 March 2019	As at 31 March 2018
a) to eligible employees under Employee Stock Option Scheme	2,863,043	2,943,103

14.6 Share pending issuance

(₹ in million)

Particulars	Aggregate number of shares as at	
	As at 31 March 2019	As at 31 March 2018
Share pending issuance for the year (refer note 48)	-	299.75

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for the year ended 31 March 2019

15 Other equity

(₹ in million)

	Note	As at 31 March 2019	As at 31 March 2018
Securities premium	15.1	5,587.35	5,284.88
Share options outstanding account	15.2	55.71	37.08
Capital reserve	15.3	6.77	15.67
Foreign currency translation reserve	15.4	11.42	-
Remeasurements of defined benefit plan	15.5	(0.07)	(2.14)
Retained earnings	15.6	(1,732.11)	(1,353.25)
Cash flow hedging reserve	15.7	(41.79)	-
		3,887.28	3,982.24

15.1 Securities premium

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year.	5,284.88	4,945.44
Premium on shares issued during year	302.56	340.52
Share issue expenses*	(0.09)	(1.08)
Balance at end of year	5,587.35	5,284.88

*Share issue expenses of ₹ 0.09 million towards preferential allotment of 934,500 shares during the year has been debited to securities premium (31 March 2018 Share issue expenses of ₹ 1.08 million towards preferential allotment of 1,166,667 equity shares during the year has been debited to securities premium).

15.2 Share options outstanding account

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	37.08	12.17
Transferred to Securities premium account on exercise of ESOPs	(11.93)	(2.18)
Expense on employee stock options scheme	30.56	27.09
Balance at end of year	55.71	37.08

Refer note - 38

15.3 Capital reserve

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	15.67	5.60
On acquisition of business (Refer note 48)	-	1.17
On equity accounted investee	(8.90)	8.90
Balance at end of year	6.77	15.67

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

15.4 Foreign currency translation reserve

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	-	-
Other comprehensive income arising from exchange differences on translating the foreign operations	11.42	-
Balance at end of year	11.42	-

15.5 Remeasurements of the defined benefit plan

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	(2.14)	(0.37)
Other comprehensive income arising from remeasurement of defined benefit plan (net of income tax)	2.07	(1.77)
Balance at end of year	(0.07)	(2.14)

15.6 Retained earnings

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	(1,353.25)	(1,493.37)
Profit/(loss) attributable to owners of the Company	(247.97)	205.23
Change in fair value of gross obligations over written put options issued to the non-controlling interests (refer note (i) below)	(63.74)	55.01
Adjustment on account of change in holding without change in control (refer note (ii) and (iii) below)	(67.15)	(120.12)
Balance at end of year	(1,732.11)	(1,353.25)

- (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, ₹ 694.42 million has been classified as payable for share purchase (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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15.7 Cash flow hedging reserve

	As at 31 March 2019	As at 31 March 2018
Balance at beginning of year	-	-
Other comprehensive income arising from remeasurement of hedging instrument in a cashflow hedge (net of income tax)	(41.79)	-
Balance at end of year	(41.79)	-

16 Non-controlling interests

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	639.21	574.62
Loss for the year	(60.78)	(35.85)
Other comprehensive income / (losses) for the year (net of tax)	0.44	0.34
Additional investments by non-controlling interests	55.29	123.39
Adjustment on account of change in holding without change in control (refer note 15.6 (ii) and (iii))	(178.69)	101.30
Reduction in non-controlling interest on account of sale of equity investment in subsidiary HCG Regency Oncology Private Limited (Refer note 30.2)	-	(124.59)
Balance at the end of the year	455.47	639.21

(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.

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17 Borrowings

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Secured - at amortised cost				
(i) Term loans				
from banks (Refer note 17.1.1)	2,154.48	251.04	2,221.41	297.13
from other parties (Refer note 17.1.2)	1,602.37	13.51	16.00	18.26
(ii) Vehicle loans (Refer note 17.1.3)	4.58	1.76	6.34	1.63
(iii) Loans repayable on demand				
- from Banks (bank overdraft) (Refer note 17.1.6)	-	299.88	-	17.35
Unsecured - at amortised cost				
(i) Deferred payment liabilities (Refer note 17.1.5)	837.53	643.72	918.95	570.31
(ii) Long term maturities of finance lease obligations (Refer note 36.1)	563.73	-	555.17	-
(iii) Loans from others (Refer note 17.1.4)	6.41	-	6.42	-
Less : Amount included under "Other financial liabilities" (refer note 18)	-	(910.03)	-	(887.33)
(iv) Loans repayable on demand from Banks (refer note 17.1.6)	-	200.00	-	-
Total	5,169.10	499.88	3,724.29	17.35

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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.

Terms of repayment and security	As at 31 March 2019	As at 31 March 2018
17.1.1 Term loans from banks - Secured		
Facility-1		
Non-current portion	2,095.88	2,262.20
Amounts included under current maturities of long-term debt	231.82	265.12
<ul style="list-style-type: none"> - 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 ₹ 73.77 millions towards unamortised loan processing charges, which is netted off below (31 March 2018 of ₹ 58.58 millions). 		
Facility-2		
Non-current portion	0.03	0.79
Amounts included under current maturities of long-term debt	0.79	0.81
<ul style="list-style-type: none"> - 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 instalments commencing from the date of borrowing after moratorium period of 3 months (Refer note 41) 		
Facility-3		
Non-current portion	-	17.00
Amounts included under current maturities of long-term debt	18.43	31.20
<ul style="list-style-type: none"> - Secured by pari-passu charge on all assets of BACC Healthcare Private Limited except those assets specifically funded out of any other bank. - Rate of interest: Bank's base rate plus 1.65% p.a. - Payable in 25 quarterly installments after moratorium period of 1 year. (Refer note 41) - Non-current portion of bank debt includes an amount of ₹ 1.02 millions towards unamortised loan processing charges set off against loan (31 March 2018 of ₹ 1.02 millions) 		

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

17 Borrowings (Contd..)

Terms of repayment and security	As at 31 March 2019	As at 31 March 2018
Facility-4		
Non-current portion	136.32	-
Amounts included under current maturities of long-term debt	-	-
- 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 ₹ 2.96 millions towards unamortised loan processing charges set off against loan (31 March 2018 Nil)		
Less: Unamortised loan processing charges	(77.75)	(58.58)
Total of term loans from bank – secured	2,405.52	2,518.54
Less: Amounts included under current maturities of long-term debt	(251.04)	(297.13)
Non-current portion of bank borrowings	2,154.48	2,221.41
		(₹ in million)
Terms of repayment and security	As at 31 March 2019	As at 31 March 2018

17.1.2 Term loans from other parties – Secured

Facility -1

Non-current portion

Amounts included under current maturities of long-term debt

Details of security and terms of repayment for the amounts borrowed during the current year:

- 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 pari-passu 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: NBFCs spread rate @ 1.05% + benchmark rate @ 8.7% p.a.
- Repayable in installments over a period of 12 years after 5 year moratorium from the date of borrowing."

1,600.00

-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Facility -2

Non-current portion	2.37	16.00
Amounts included under current maturities of long-term debt	13.51	18.26

- 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 41)

Term loans from other parties - Secured	1,615.88	34.26
Less: Amounts included under current maturities of long-term debt	(13.51)	(18.26)
Non-current portion from other parties	1,602.37	16.00

(₹ in million)

Terms of repayment and security	As at 31 March 2019	As at 31 March 2018
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17.1.3 Vehicle loan from bank - Secured

Facility-1

Non-current portion	4.51	6.21
Amounts included under current maturities of long-term debt	1.70	1.57

- 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 41)"

Facility-2

Non-current portion	0.07	0.13
Amounts included under current maturities of long-term debt	0.06	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 41)

Total of vehicle loans from bank - secured	6.34	7.97
Non-current portion	4.58	6.34
Amounts included under current maturities of long-term debt	1.76	1.63

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

17.1 Summary of borrowing arrangements (Contd..)

(₹ in million)

Terms of repayment	As at 31 March 2019	As at 31 March 2018
17.1.4 Term loans from others - Unsecured		
Non-current portion	6.41	6.42
Amounts included under current maturities of long-term debt	-	-
- Interest free loan repayable as and when funds are available.		

(₹ in million)

Terms of repayment	As at 31 March 2019	As at 31 March 2018
17.1.5 Deferred payment liabilities - Unsecured		
Non-current portion	837.53	918.95
Amounts included under current maturities of long-term debt	643.72	570.31
- Rate of interest 3% p.a		
- Repayment in installments over a period of 1 to 3 years. (refer note 41)		

(₹ in million)

Terms of repayment and security	As at 31 March 2019	As at 31 March 2018
17.1.6 Secured loan repayable on demand from banks:	299.88	17.35
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)		
Unsecured loan repayable on demand from banks:	200.00	-
- Rate of Interest base rate @ 0.65% + floating rate @ 10.25%		
- Bullet Repayable in 6 months from the date of borrowing		

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

18 Other financial liabilities

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Current maturities of long-term debt and vehicle loans*	-	266.31	-	317.02
Book overdraft	-	-	-	7.83
Current maturity of deferred payment obligations*	-	643.72	-	570.31
Liability on written put options (refer note 15.6(i))	-	481.78	694.00	417.64
Interest accrued not due*	121.63	18.94	108.11	19.80
Creditors for capital goods	-	319.48	-	217.71
Derivative liability	106.78	3.17	-	-
Payable for share purchase (Refer note 15.6(ii))	-	694.42	-	-
Payable on acquisition of business (refer note 48)	-	69.26	63.76	70.25
Accrued salaries and benefits	-	263.63	-	136.74
Others	-	-	49.82	7.08
Total	228.41	2,760.71	915.69	1,764.38

*The details of interest rates, repayment and other terms are disclosed under note 17 above.

The Group's exposure to liquidity risk are disclosed in note 41

19 Other liabilities

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Advance from customers	-	210.35	-	204.42
Balance due to statutory/government authorities	-	73.92	-	60.85
Deferred government grant*	330.82	31.03	305.07	20.00
Rent equalisation reserve	15.93	7.53	25.05	-
	346.75	322.83	330.12	285.27

*The Group imports medical equipments under Export Promotion Capital Goods (EPCG) scheme. Under the Scheme, on the Group expected to meet the specified criteria, it is exempt 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 2019 is ₹ 388.33 million (31 March 2018: ₹ 346.26 million). EPCG income recognised during the year is ₹ 26.48 million (31 March 2018: ₹ 21.19 million). The unfulfilled export obligation as on 31 March 2019 is ₹ 1,825.59 million (31 March 2018: ₹ 1,799.23 million).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

20 Provisions

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Non Current	Current	Non Current	Current
Employee benefits				
Gratuity (Refer note 37.2)	56.41	31.71	50.99	22.25
Compensated absences	-	41.06	-	33.75
Total	56.41	72.77	50.99	56.00

21 Trade payables*

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 43)	1.39	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,815.21	1,424.74
Total	1,816.60	1,424.74

*For details relating to payable to related parties- refer note 44

22 Revenue from operations (refer note 51)

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income from medical services	8,865.51	7,498.42
(b) Sale of medical and non-medical items	743.31	684.14
(c) Other operating revenues	151.44	105.32
	9,760.26	8,287.88

23 Income from government grants

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
EPCG Income	26.48	19.00
	26.48	19.00

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

24 Other income

	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Interest income (refer note below)	26.33	81.22
Interest on financial assets at amortised cost	9.02	6.86
Net foreign exchange gains	5.07	1.89
Net gain on sale of investments in mutual funds	-	1.14
Net gain on financial assets designated at fair value through profit and loss	3.34	3.61
Payables no longer required written-back	0.42	22.20
Miscellaneous income	29.91	11.10
	74.09	128.02

Note:

Interest income comprise:

Interest on bank deposits	13.76	40.41
Interest on income tax refund	0.21	26.44
Interest on inter-corporate deposit	12.36	10.16
Interest on debentures	-	4.21
	26.33	81.22

25 Changes in inventories

	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year	240.26	187.69
Inventories at the end of the year	267.72	240.26
Net decrease	(27.46)	(52.57)
Adjustments on account of business transfer arrangements, sale of units, subsidiaries, etc.	(1.04)	(16.68)
Net decrease	(28.50)	(69.25)

26 Employee benefits expense

	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages (refer note 5)	1,654.80	1,408.33
Contribution to provident and other funds (Refer note 37.1)	99.21	88.02
Expense on employee stock option scheme (Refer note 38)	30.56	27.09
Staff welfare expenses	60.63	53.62
	1,845.20	1,577.06

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

27 Finance costs

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
(a) Interest costs on :		
Interest on term loans from banks	321.79	219.81
Interest on financial liability measured at amortised cost	5.00	-
Interest on bank overdraft	57.89	33.10
Interest on deferred payment obligations	38.36	42.17
Finance cost on finance lease obligations	81.80	70.42
Interest on defined benefit obligations	5.82	4.51
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	116.66	4.83
(b) Other borrowing costs :-	71.78	48.66
	699.10	423.50

28 Depreciation and amortisation expense

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 5)	816.22	690.17
Amortisation of intangible assets (refer note 6)	34.63	24.43
	850.85	714.60

29 Other expenses

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Medical consultancy charges	2,113.80	1,742.15
Lab charges	371.04	169.25
Power and fuel & water charges	288.16	228.86
House keeping expenses	236.70	204.27
Rent (refer note 36.2)	563.23	422.57
Repairs and maintenance		
- Buildings	24.74	20.27
- Machinery	173.17	163.80
- Office maintenance & others	59.47	61.69
Insurance	18.23	19.47
Rates and taxes	19.09	25.19
Printing & stationery	43.09	35.31
Advertisement, publicity & marketing	121.93	100.61

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

29 Other expenses (Contd..)

	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Travelling & conveyance	101.82	94.90
Legal & professional fees	187.78	185.81
Payment to auditors	12.85	9.55
Telephone expenses	40.26	36.67
Bad debts written off	-	100.11
Provision for bad debts & doubtful advances	38.67	(45.74)
Loss on disposal of property, plant and equipment	0.82	0.43
Corporate social responsibility (refer note 29.1)	1.27	-
Revenue share expenses	30.63	12.83
Miscellaneous expenses	56.46	56.51
	4,503.21	3,644.51

29.1 Corporate social responsibility

(a) Gross amount required to be spent by the group during the year is ₹ 5.2 million (2017-18: ₹ 2.16 million)

(b) Amount spent during the year ended 31 March 2019 on corporate social responsibility activities :

	(₹ in million)	
Particulars	31 March 2019	31 March 2018
Construction/acquisition of any asset	-	-
On purposes other than above	1.27	-

30 Exceptional items

	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Gain on sale of Triesta unit of the Company (Refer note 30.1)	-	37.97
Net gain on disposal of equity investment in subsidiary HCG Regency Oncology Healthcare Private Limited (Refer note 30.2)	-	82.20
Net loss pertaining to non-operational unit in Delhi (Refer note 30.3)	-	(76.46)
Gain on change in control in a subsidiary (Refer note 30.4)	-	63.97
	-	107.68

30.1 During the year ended 31 March 2018, the Company had entered into a business transfer agreement with Strand Life Sciences Private Limited ('Strand') dated 02 January 2018 for sale of its Triesta unit on slump sale basis for a lumpsum consideration of ₹ 240 million for which the consideration is received in the form of 9,140,342 equity shares and 101,193 Series 1 Preference Shares of Strand. Pursuant to the same, the Company acquired 38.2% stake in Strand and accounted the initial investment in joint venture at fair value of consideration of ₹ 240 million.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Details of net assets transferred:

(₹ in million)

Particulars	Amount
Assets	
Property plant and equipment	129.19
Capital work-in-progress	36.31
Inventories	18.15
Trade receivables	63.25
Other financial & non-financial assets	8.00
Cash and cash equivalents	0.22
Total [A]	255.12
Liabilities	
Trade payables	37.14
Payable towards reimbursement of capital expenditure	32.06
Creditors for capital goods	4.31
Provision for employee benefits and other liabilities	2.98
Total [B]	76.49
Carrying value of net assets sold [C] = [A-B]	178.63
Fair value of the consideration [D]	240.00
Gain on sale of assets [E] = [D] - [C]	61.37
Elimination of Company's share of gain on such transaction as per Ind AS 28	23.40
Investments in Associate and Joint venture [F]	37.97
Net gain recognised in exceptional items [G] = [E]-[F]	37.97

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

30.2 In accordance with the terms of share purchase agreement with Regency Hospital Limited dated 28 March 2018, the Company sold its long-term investments (in subsidiary) in the form of equity shares held in HCG Regency Oncology HealthCare Private Limited (HCG Regency) for a total consideration of ₹ 212.31 million. Pursuant to the change, HCG Regency ceases to be a subsidiary of the company. Details of net assets disposed-off and the resulting gain is given below:

(₹ in million)

	Amount	Amount
	As at 28 March 2018	As at 28 March 2018
Assets		
Property, plant & equipment and intangible assets	849.43	
Inventories	12.05	
Trade receivables	42.62	
Other financial and non-financial assets	193.30	
Current tax assets	5.86	
Cash and bank balances	5.33	
Total [A]		1,108.59
Non-controlling interests	124.59	
Liabilities		
Borrowings including current maturities	738.70	
Trade payables	86.28	
Provision for employee benefits	0.51	
Other financial and non-financial liabilities	28.40	
Total [B]		978.48
Carrying value of net assets disposed off (C)=(A)-(B)		130.11
Less: Cash consideration received (D)		212.31
Profit on sale of investments (classified under exceptional items) (E)=(D)-(C)		82.20

30.3 During the year ended 31 March 2018, the Company closed its operations of Delhi unit. Net charge on account of write off of receivables is ₹ 21.90 million and the charge due to write off of net fixed assets is ₹ 54.56 million. The total charge due to unit closure is ₹ 76.46 million.

(₹ in million)

Particulars	Amount	Amount
(a) Trade receivables written off	100.11	
Less: Provided earlier	78.21	
Net impact on account of write off of trade receivables		21.90
(b) Assets written off		
Gross block	150.87	
Less: Accumulated depreciation	96.31	
Net impact on account of write off of tangible assets		54.56
Total		76.46

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

30.4 Gain on loss of control in a subsidiary

Centers for Disease Control and Prevention (CDC) invested in Healthcare Global (Africa) Private Limited (HCG Africa) to acquire 20.55% stake in July 2017. Pursuant to the contractual arrangement with CDC, HCG (Mauritius) Pvt. Ltd (HCG Mauritius) lost control over HCG Africa and retained its investment as an associate. HCG Mauritius and CDC contributed ₹ 188 million and ₹ 129 million respectively for their respective stakes of 79.45% and 20.55%.

During the previous year, investments in HealthCare Global (Africa) Private Limited, held by HCG (Mauritius) Private Limited is accounted under equity method as per Ind AS 28 'Investment in Associates and Joint Ventures' on account of loss of control and the resultant gain of ₹ 63.97 million is shown under exceptional items.

(₹ in million)

Particulars	Amount
Fair value of investment retained	223.08
Negative net assets transferred	19.17
Further cash invested	(178.28)
Gain on change in control	63.97

31 Income tax expense

31.1 Income tax recognised in the Statement of profit and loss

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax		
Current tax	(11.04)	135.50
	(11.04)	135.50
Deferred tax		
- MAT	(48.34)	(86.30)
- Others	34.38	53.18
	(13.96)	(33.12)
Total income tax expense recognised in the Statement of profit and loss	(25.00)	102.38

The reconciliation between the income tax expense of the Group and Amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	(333.75)	271.76
Enacted income tax rate in India	34.994%	34.608%
Computed expected tax expense	(116.79)	94.05
Effect of:		
Permanent differences	26.42	-
Income not taxable	(11.41)	(35.21)
Share of loss from subsidiaries/ associate/ joint venture	38.84	37.66
Differences of tax rates in subsidiaries	31.59	(2.49)
Adjustments recognised in respect of changes in brought forward tax losses	-	8.38
Others	6.32	-
	(25.00)	102.38

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

31.2 Income tax recognised in other comprehensive income

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Income tax arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(0.90)	1.03
Effective portion of loss on hedging instruments in a cash flow hedge	22.46	-
Total income tax recognised in other comprehensive income	21.56	1.03

31.3 Net deferred tax Assets and liabilities

Deferred tax balances

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	268.61	231.01
Deferred tax liabilities	(39.71)	(37.70)
Net	228.90	193.31

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

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2018 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	(583.73)	(54.31)	-	(638.04)
Intangible assets	(15.19)	(9.47)	-	(24.66)
Financial liabilities at amortised cost	4.86	(5.23)	-	(0.37)
MAT credit entitlement	118.00	86.30	-	204.30
Sec 43B items	36.06	10.05	1.03	47.14
Provision for doubtful debts/advances	149.54	39.36	-	188.90
Other items	3.51	(1.16)	-	2.35
Tax losses	442.34	(32.42)	-	409.92
Others	-	3.77	-	3.77
Total	155.39	36.89	1.03	193.31

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Under the Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. Further, the Company and its certain subsidiaries carry tax credit entitlement in respect of Minimum Alternate Tax (MAT) paid, which can be carried forward for certain period and can be set-off for 15 years against future tax liabilities to the extent income tax under normal tax provisions exceed the MAT for those years. Tax benefits on unabsorbed business losses and MAT credit entitlement have been recognised as deferred tax asset as it is more probable than not that the future economic benefits associated with the asset will be realised.

31.4 Current tax Assets, (Net)

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Advance tax (net of provision)	553.90	211.07
	553.90	211.07

31.5 Current tax liabilities

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Provision for tax (net of advance tax)	0.34	39.83
	0.34	39.83

32 Contingent liabilities

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
a) Corporate guarantees given	544.29	414.75
b) Other money for which the company is contingently liable		
Customs duty (Refer note 1)	4.48	4.49
Excise and service tax (Refer note 2)	31.72	31.72
Value added tax (Refer note 3)	18.19	18.19
Income tax (Refer note 4)	2.74	2.74
c) Bonus to employees pursuant to retrospective Amendment to the Payment of Bonus Act, 1965 (Refer note 5)	9.98	9.98

Notes:

- 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.
- (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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 @ 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 Centre Excise Tarriff Act, 1985.

- 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 1 April 2015, has undergone departmental VAT audit for the period from 2011-12 to 2014-15 and noted that the Company has not charged and paid VAT on supply of food to patients and raised a AP-VAT demand of ₹ 2 million. Further, the Deputy Commercial Tax Officer, Vijayawada has passed the penalty order for ₹ 0.5 million against the above AP-VAT audit order. 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 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 AO 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.
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 AO has 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 has been enacted on 31 December 2015 with the retrospective effect from 01 April 2014.

The Group 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 for the year ended 31 March 2015 of ₹ 9.98 million is required.

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6. In light of recent judgement of Hon'ble Supreme Court dated 28 February 2019, on the definition of 'Basic wage' under the Employees Provident Fund and Misc. Provision Act, 1952, and based on Group's evaluation, based on legal advice there are significant uncertainties and numerous interpretation issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic wage would be applicable prospectively or retrospectively. The Group will evaluate its position and update provision, if required, on basis of further clarity on the subject. The Group does not expect the amount to be material to the consolidated financial statements.
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 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	878.67	710.18

34 Earnings per share (₹ in million unless otherwise stated)

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings and diluted earnings per share calculations are as follows:

34.1 Basic earnings per share

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Profit / (loss) for the year attributable to owners	(247.97)	205.23
The earnings used in the calculation of basic earnings per share	(247.97)	205.23
Weighted average number of equity shares for the purposes of basic earnings per share	87,909,856	86,046,366
Basic earnings per share (Amount in ₹)	(2.82)	2.38

34.2 Diluted earnings per share

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
The earnings used in the calculation of diluted earnings per share are as follows.		
Earnings used in the calculation of basic earnings per share	(247.97)	205.23
Earnings used in the calculation of diluted earnings per share	(247.97)	205.23
Weighted average number of equity shares used in the calculation of diluted earnings per share	88,098,982	86,204,138
Diluted earnings per share (Amount in ₹)	(2.82)	2.38

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34.2 Diluted earnings per share(Contd..)

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:		
Weighted average number of equity shares used in the calculation of basic earnings per share	87,909,856	86,046,366
Shares deemed to be issued for no consideration in respect of employee options	189,126	157,772
Weighted average number of equity shares used in the calculation of diluted earnings per share	88,098,982	86,204,138

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 Group'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 based on the geographical location of the customers and segment assets which have been presented based on the geographical location of the assets.

(i) Revenue from operations

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
India	9,760.26	8,287.33
Outside India	-	0.55
Total	9,760.26	8,287.88

(ii) Non current assets*

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
India	12,846.38	11,358.84
Total	12,846.39	11,358.84

*Non-current assets exclude financial instruments and deferred tax assets.

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36 Leasing arrangements: The group being a lessee

36.1 Finance lease arrangements

Finance leasing arrangements of the Group include lease of Hospital buildings for duration of 24 to 30 years and medical equipments for 6 years. Interest rates underlying all obligations under finance leases range between 10% to 12% p.a. The details of future minimum lease payment and reconciliation of gross investment in the lease and payment value of minimum lease payments are given below:

(₹ in million)

Particulars	Minimum Lease Payments		Present value of minimum lease payments	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Not later than one year	68.20	66.31	-	-
Later than one year and not later than five years	310.10	301.30	-	-
Later than five years	1,564.44	1,586.79	563.73	555.17
	1,942.74	1,954.40	563.73	555.17
Less: future finance charges	(1,379.01)	(1,399.23)	-	-
Present value of minimum lease payments	563.73	555.17	563.73	555.17

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Included in the consolidated financial statements as:		
- Non-current borrowings (Refer note 17)	563.73	555.17
	563.73	555.17

36.2 Operating lease arrangements

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 5 to 30 years and may be renewed for a further period, based on mutual agreement of the parties. The escalation clause in these arrangements ranges from 5% to 10%.

Payments recognised as an expense in Note 29

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Minimum lease payments	563.23	422.57
	563.23	422.57

Non-cancellable operating lease commitments

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Not later than 1 year	649.63	430.41
Later than 1 year and not later than 5 years	2,706.27	1,518.01
Later than 5 years	7,762.74	1,702.48
	11,118.64	3,650.90

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37 Employee benefit plans

37.1 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 Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognised in the Statement of profit and loss under employee benefit expenses in respect of such schemes are given below:

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Contribution to Provident Fund included under contribution to provident and other funds.	79.03	73.52
Contribution to Employee State Insurance Scheme, included under staff welfare expenses	20.18	13.66
	99.21	87.18

37.2 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)	
	Year ended 31 March 2019	Year ended 31 March 2018
Service cost recognised in employee benefits expense in note 26	14.03	14.50
Net interest expense recognised in finance costs in note 27	5.82	4.51
Components of defined benefit costs recognised in the Statement of profit and loss	19.85	19.01
Service cost recognised in employee benefits expense in Note 26	14.03	14.50
Net interest expense recognised in finance costs in Note 27	5.82	4.51
Remeasurement of the net defined benefit plan:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(2.07)	0.41
Actuarial (gains) / losses arising from changes in financial assumptions	(1.02)	(0.56)
Actuarial (gains) / losses arising from experience adjustments	0.12	2.61
Remeasurement of the net defined benefit plan recognised in other comprehensive income	(2.97)	2.46

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Present value of funded defined benefit obligation	89.28	74.34
Fair value of plan assets	1.16	1.08
Unfunded status	88.12	73.26
Net liability arising from defined benefit obligation	88.12	73.26

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Movements in the present value of the defined benefit obligation are as follows.

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Opening defined benefit obligation	74.34	58.54
Current service cost	14.11	14.50
Interest cost	5.82	4.51
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(1.59)	0.41
Actuarial gains and losses arising from changes in financial assumptions	(0.05)	(0.56)
Actuarial gains and losses arising from experience adjustments	0.03	2.61
Actuarial loss on DBO	-	-
Benefits paid	(3.38)	(5.67)
Closing defined benefit obligation	89.28	74.34

Movements in the fair value of the plan assets are as follows.

(₹ in million)

	Year ended 31 March 2019	Year ended 31 March 2018
Opening fair value of plan assets	1.08	2.64
Interest income	0.07	0.07
Assets distributed on settlements	-	(1.18)
Excess return over interest income on plan assets	0.01	-
Benefits paid	-	(0.45)
Closing fair value of plan assets	1.16	1.08

The fair value of the plan assets at the end of the reporting period for each category, are as follows

(₹ in million)

	Fair value of plan assets as at 31 March 2019	31 March 2018
Insurer-managed funds	1.16	1.08
Total	1.16	1.08

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 2018: ₹ 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.

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The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in million)

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.95)	0.85	(1.86)	2.00
Future salary increase (1% movement)	1.81	(2.12)	3.68	(3.37)
Attrition rate (10% movement)	(0.31)	0.38	(0.87)	0.93

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 2019 is 6.03 years (as at 31 March 2018 is 8.30 years).

(₹ in million)

The principal assumptions used for the purposes of the actuarial valuations were as follows.	Valuation as at	
	31 March 2019	31 March 2018
Discount rate(s)	7.00% to 7.40 %	6.40% to 7.70 %
Expected rate(s) of salary increase	5.00% to 5.00%	5.00% to 6.00%
Rate of return on plan assets	6.00% to 6.50%	6.00% to 6.50%
Mortality table	IALM 2006-08	IALM 2006-08
Employee turnover rate	13.40% to 45.00%	25.00% to 55.00%

Maturity profile of defined benefit obligation:

(₹ in million)

	As at 31 March 2019	As at 31 March 2018
Within 1 year	32.82	26.59
1-2 year	21.87	17.17
2-3 year	15.16	12.21
3-4 year	11.02	8.71
4-5 year	7.89	6.40
5-10 year	13.17	12.67
> 10 years	2.58	9.44

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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 2014	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	1,294,800	110,100	165,400	30,000

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Particulars	ESOP 2014	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	1-Apr-17	1-Apr-17	11-Aug-17	6-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	101,000	53,000

Particulars	ESOP 2014	ESOP 2014	ESOP 2014
Date of grant	22-May-18	9-Nov-18	7-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

(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: 01 April 2017 (ESOP 2014)			
	Vest 1	Vest 2	Vest 3	Vest 4
	01 Apr 18	01 Apr 19	01 Apr 20	01 Apr 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.46%	6.57%	6.76%	6.86%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	27.46%	28.94%	30.36%	29.83%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 11 August 2017 (ESOP 2014)			
	Vest 1	Vest 2	Vest 3	Vest 4
	11 Aug 18	11 Aug 19	11 Aug 20	11 Aug 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.35%	6.38%	6.43%	6.50%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.74%	27.98%	28.28%	29.68%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

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- (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: (Contd..)

Assumptions	Grant Date: 06 November 2017 (ESOP 2014)			
	Vest 1 06 Nov 18	Vest 2 06 Nov 19	Vest 3 06 Nov 20	Vest 4 06 Nov 21
Variables	10%	20%	30%	40%
Risk free interest rate	6.30%	6.48%	6.64%	6.78%
Expected life	2.00	3.00	4.00	5.00
Expected annual volatility of shares	24.04%	27.42%	27.47%	29.42%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%

Assumptions	Grant Date: 22 May 2018 (ESOP 2014)			
	Vest 1 22 May 19	Vest 2 22 May 20	Vest 3 22 May 21	Vest 4 22 May 22
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 2 07 Feb 20	Vest 3 07 Feb 21	Vest 4 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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C Employee stock options details as on the Balance Sheet date are as follows: The Company has used Black-scholes options pricing model for valuation of options.

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Options (Numbers)	Weighted average exercise price per option (₹)	Options (Numbers)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year:				
- ESOP 2010	10,127	10.00	10,127	10.00
- ESOP 2014	471,670	20.17	22,020	10.00
Granted during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	127,000	10.00	214,000	32.90
Forfeited during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Exercised during the year:				
- ESOP 2010	2,300	10.00	-	-
- ESOP 2014	77,760	10.00	24,820	10.00
Lapsed during the year:				
- ESOP 2010	-	-	-	-
- ESOP 2014	-	-	-	-
Options outstanding at the end of the year:				
- ESOP 2010	7,827	10.00	10,127	10.00
- ESOP 2014	520,910	25.20	471,670	20.17
Options exercisable at the end of the year:				
- ESOP 2010	7,827	10.00	10,127	10.00
- ESOP 2014	64,530	31.64	37,770	18.00

*Options available for grant under ESOP 2014 Scheme are 2,334,306 (previous year 2,461,306)

The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2019 is ₹ 228.49 (previous year ₹ 318.65).

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 8.10 years (Previous year 7.54 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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39 Financial instruments

A Accounting classification and fair values

The carrying value and fair value of financial instruments by categories as at 31 March 2019 and 31 March 2018 are as follows:

Particulars	Carrying value as at	
	31 March 2019	31 March 2018
	(₹ in million)	
Financial assets		
Amortised cost		
Loans (including current and non-current)	509.37	129.74
Trade receivable	1,568.92	1,284.40
Cash and cash equivalents (including bank balances)	208.66	287.96
Other financial assets	460.02	636.55
FVTPL		
Investments in unquoted equity instruments	59.61	8.14
Investments in mutual fund (quoted)	46.48	43.13
Total assets	2,853.06	2,389.92
Financial liabilities		
Amortised cost		
Loans and borrowings (including current maturities and short term borrowings)*	6,579.01	4,628.97
Trade payables	1,816.60	1,424.74
Other financial liabilities (includes current and non-current)	1,205.46	1,728.98
FVTPL		
Payable on acquisition of business (Contingent consideration)	69.26	63.76
Payable for share purchase	694.42	-
FVTOCI		
Derivative liability (includes current and non-current)	109.95	-
Total liabilities	10,474.70	7,846.45

The management assessed that fair value of above financial assets and liabilities approximates the fair value.

* Refer note 18 for details related to pledge of financial assets.

40 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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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 2019 and 31 March 2018.

(₹ in million)

Quantitative disclosures fair value measurement hierarchy	Total	Fair value measurement using		
		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 2019				
Investment in mutual funds (quoted)	46.48	46.48	-	-
Investments in unquoted equity instruments	59.61	-	-	59.61
Financial liabilities measured at fair value as at 31 March 2019				
Payable for share purchase	694.42	-	-	694.42
Derivative liability	109.95	-	-	109.95
Payable on acquisition of business (Contingent consideration)	69.26	-	-	69.26
Financial assets measured at fair value as at 31 March 2018				
Investment in mutual funds (quoted)	43.13	43.13	-	-
Investments in unquoted equity instruments	8.14	-	-	8.14
Financial liabilities measured at fair value as at 31 March 2018				
Payable on acquisition of business (Contingent consideration)	63.76	-	-	63.76

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	<ol style="list-style-type: none"> Price per share Qualitative factors on operating performance vis a vis budgets Regulatory factors 	Not applicable

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

40 Fair value hierarchy – Measurement of fair values (Contd..)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The Risk adjusted discount rate valuation model considers - 10% 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.	The 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

Details of assets and liabilities considered under Level 3 classification

(₹ in million)

Particulars	Investment in equity instruments
Balance as at April 1, 2017	8.14
Gain/(loss) recognised in statement of profit and loss	-
Gain/(loss) recognised in other comprehensive income	-
Balance as at March 31, 2018	8.14
Balance as at April 1, 2018	8.14
Additions	51.47
Gain/(loss) recognised in statement of profit and loss	-
Gain/(loss) recognised in other comprehensive income	-
Balance as at March 31, 2019	59.61

As at March 31, 2019 and 2018, 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.

Notes to the Consolidated Financial Statements

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40 Fair value hierarchy – Measurement of fair values (Contd..)

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 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 March 31, 2019, 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:

(₹ in million)

	As at			
	As at 31 March 2019		As at 31 March 2018	
	Notional	Fair value	Notional	Fair value
Designated derivatives instruments				
Buy: Forward contracts	USD 8.47	INR 109.95	USD Nil	INR Nil
Weighted Average forward strike Price	INR 79.81	INR 79.81	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

40 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)	
	As at 31 March 2019	As at 31 March 2018
Balance as at the beginning of the year	-	-
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	(64.25)	-
Gain/(loss) on cash flow hedging derivatives, net	(64.25)	-
Balance as at the end of the year	(64.25)	-
Deferred tax thereon	22.46	-
Balance as at the end of the year, net of deferred tax	(41.79)	-

The related hedge transactions for balance in cash flow hedging reserves as at March 31, 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 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 also holds FVTOCI investments and enters into derivative transactions.

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, 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. 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 2019

1. The Provision matrix at the end of the reporting period is as follows:-

Category	31 March 2019	31 March 2018
Less than 1 year	7% to 10%	10% to 12.5%
1-2 years	36% to 51%	40% to 57%
2-3 years	52% to 64%	64% to 100%
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)	
	For the year ended	
	31 March 2019	31 March 2018
Balance at beginning of the year	340.15	385.88
Additional provision during the year	38.67	54.37
Written-off during the year	-	(100.11)
Balance at end of the year	378.82	340.15

No single customer accounted for more than 10% of the revenue as of 31 March 2019 and 31 March 2018. There is no significant concentration of credit risk.

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.

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 Group has significant unutilized approved credit limits with banks.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018.

(₹ in million)

Particulars	As at 31 March 2019					
	Total	Less than 1 year	1-2 year	2-3 year	3-4 years	More than 4 year
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	-	-	-	-

(₹ in million)

Particulars	As at 31 March 2018					
	Total	Less than 1 year	1-2 year	2-3 year	3-4 years	More than 5 year & above
Borrowings	4,628.97	904.68	830.02	543.46	255.38	2,095.43
Trade payables	1,424.74	1,424.74	-	-	-	-
Other financial liabilities	1,658.73	806.80	702.99	8.30	7.55	133.09
Payable on acquisition of business	134.01	70.25	63.76	-	-	-

(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 2019 and 31 March 2018

As at 31 March 2019	Rupee equivalent of foreign currency amounts			
Particulars	US \$	Euro	Pound Sterling	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)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

As at 31 March 2018	Rupee equivalent of foreign currency amounts			
	US \$	Euro	Pound Sterling	Total
Particulars				
Assets				
Cash and cash equivalents	17.11	-	-	17.11
Liabilities				
Borrowings	1,489.26	-	-	1,489.26
Creditors for capital goods	-	7.26	-	7.26
Trade payable	34.29	0.48	-	34.77
Net assets/liabilities	(1,506.44)	(7.74)	-	(1,514.18)

(ii) Sensitivity analysis

(₹ in million)

	Impact on profit or (loss) before tax	
	As at 31 March 2019	As at 31 March 2018
USD Sensitivity		
Rs/USD - Increase by 1%	18.20	12.51
Rs/USD - Decrease by 1%	(18.20)	(12.51)

(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 Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in million)

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate long term borrowings including current maturities	4,085.48	2,577.89
Total borrowings		

(ii) Sensitivity analysis

(₹ in million)

	Impact on profit or (loss) before tax	
	As at 31 March 2019	As at 31 March 2018
Sensitivity		
1% increase in MCLR rate	40.85	25.78
1% decrease in MCLR rate	(40.85)	(25.78)

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42 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances) and total equity of the Group.

The capital structure is as follows:

Particulars	(₹ in million)	
	As at 31 March 2019	As at 31 March 2018
Total equity attributable to the equity share holders of the Group	4,766.47	5,151.03
As percentage of total capital	43%	54%
Total loans and borrowings	6,579.01	4,628.97
Cash and cash equivalents	205.17	287.96
Net loans & borrowings	6,373.84	4,341.01
As a percentage of total capital	57%	46%
Total capital (loans and borrowings and equity)	11,140.31	9,492.04

43 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has 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

Particulars	(₹ in million)	
	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year	1.39	-
Principal	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 2019

44 Related Party Disclosure

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.

Details of related parties:

(₹ in million)

Description of relationship	Names of related parties	
Key management personnel (KMP)	Whole-time director	
	Dr. B S Ajaikumar, Chairman	
	Executive directors	
	Dr. B. S. Ramesh (from 22 May 2018)	
	Non-executive directors	
	Gangadhara Ganapati	
	Shanker Annaswamy	
	Sampath T Ramesh	
	Sudhakar Rao	
	Suresh C Senapaty	
Joint venture	Bhushani Kumar	
	Dr.B S Ramesh (till 21 May 2018)	
	Dr Amit Varma	
	Strand Lifesciences Private Limited (with effect from 07 February 2018)	
	Associate	HealthCare Global (Africa) Private Limited (Step down subsidiary till 1st quarter of FY 18)
		Relatives of KMP
	Company in which KMP / Relatives of KMP can exercise significant influence	Ms.Anjali Ajaikumar (Daughter of Dr. B S Ajaikumar)
		JSS Bharath Charitable Trust
		Bharath Hospital and Institute of Oncology
		Sada Sarada Tumor & Research Institute
B.C.C.H.I Trust		
HCG Foundation		
Gutti Malnad LLP		
Health Care Process Solutions (India) Private Limited		

Details of related party transactions during the year:

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of pharmacy products and consumables		
- Sada Sarada Tumor & Research Institute	46.79	42.71
Income from Medical services		
- JSS Bharath Charitable Trust	12.22	14.50
- HCG Foundation	4.58	8.24
- Sada Sarada Tumor & Research Institute	6.16	7.44
- Gutti Malnad LLP	0.29	-
Lab charges		
- Strand Life Sciences Private Limited	259.07	-

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Details of related party transactions during the year: (Contd..)

(₹ in million)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rent charges		
- Sada Sarada Tumor & Research Institute	1.26	0.54
Security deposit received		
- Sada Sarada Tumor & Research Institute	-	0.50
Investment made during the year in		
- Investment in Strand	5.33	240.00
- HealthCare Global (Africa) Private Limited	-	238.14
Other advances given		
Strand Lifesciences Private Limited	-	29.16
Short-term employee benefits to:		
- Dr. B S Ajaikumar (refer note 45)	28.07	25.45
- Ms. Anjali Ajaikumar	5.02	3.95
- Dr. B S Ramesh (refer note 45)	7.28	8.14
The above compensation excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.		
Sitting fees to Directors		
- Shanker Annaswamy	1.15	1.70
- Sampath T Ramesh	0.91	0.96
- Sudhakar Rao	0.86	0.96
- Suresh C Senapaty	1.21	1.69
- Bhushani Kumar	0.35	0.68

Details of related party balances outstanding:

(₹ in million)

Balances outstanding as at	Year ended 31 March 2019	Year ended 31 March 2018
Trade receivables		
- JSS Bharath Charitable Trust	4.26	4.33
- Sada Sarada Tumor & Research Institute	34.51	33.05
- B.C.C.H.I. Trust	0.01	0.01
- HCG Foundation	9.96	12.65
- Gutti Malnad LLP	2.02	1.73
- Health Care Process Solutions (India) Private Limited	-	0.06
Other Financial Assets		
- Sada Sarada Tumor & Research Institute	3.22	2.80
- B.C.C.H.I. Trust	0.07	0.07
Other advances to related parties		
- Strand Life Sciences Private Limited	-	29.16
Security deposits (refundable) with		
- Gutti Malnad LLP	3.50	3.50

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Details of related party balances outstanding: (Contd..)

Balances outstanding as at	(₹ in million)	
	Year ended 31 March 2019	Year ended 31 March 2018
Accrued employee benefits		
- Dr. B S Ajaikumar	8.45	7.09
- Ms. Anjali Ajaikumar	0.42	-
- Dr. B S Ramesh	0.54	-
Advances to employees		
- Dr. B S Ajaikumar (Refer note 45)	-	0.93
Trade payables		
- Sada Sarada Tumor & Research Institute	0.01	0.01
- Strand Life Sciences Private Limited	28.04	-
- HCG Foundation	0.07	0.16

Note:

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 July 1, 2015 and Dr. B. S. Ramesh have been appointed as Executive director of the Company for a period of 2 years with effect from 22 May 2018.

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.

For the financial year ended 31 March 2018

In terms of the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, the maximum amount of remuneration payable to the Chairman & CEO of the Company for the year ended 31 March 2018 amounted to ₹ 24.52 Million. Based on the approval of the Nomination and Remuneration Committee of the Company, the Board of Directors had proposed and accrued an additional remuneration of ₹ 0.93 Million to the Chairman & CEO of the Company in excess of the limits specified under the Companies Act, 2013, which was subject to the approval of the Central Government, for which the Company had to file the necessary application. The additional remuneration was to be paid on receipt of approval from the Central Government and pending such approval the amount was not paid and the corresponding amount was disclosed as "Advance". Considering the amendment to the relevant provision of the Act and pending application to the Central Government, the additional remuneration of ₹ 0.93 million and corresponding advances were reversed during the year ended 31 March 2019.

Notes to the Consolidated Financial Statements

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46 Subsidiaries, Associate and Joint venture

Details of the Group's subsidiaries at the end of the reporting period are as follows

(₹ in million)

Name of the subsidiary	Place of Incorporation and Operation	Proportion of ownership interest and Voting Power Held By The Group	
		Year ended 31 March 2019	Year ended 31 March 2018
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 f	50.10%
HealthCare Diwan Chand Imaging LLP	India	75.00%	75.00%
HCG Pinnacle Oncology Private Limited	India	NA	Refer note a
HealthCare Global (Uganda) Private Limited	Uganda	NA	Refer note b
HealthCare Global (Kenya) Private Limited	Kenya	NA	Refer note b
HealthCare Global (Tanzania) Private Limited	Tanzania	NA	Refer note b
Apex HCG Oncology Hospitals LLP*	India	Refer note e	50.01%
HCG Regency Oncology Healthcare Private Limited	India	NA	Refer note c
HCG Oncology LLP	India	74.00%	74.00%
DKR Healthcare Private Limited (formerly known as Parenthood Healthcare Private Limited)	India	NA	Refer note d
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%
HealthCare Global (Africa) Private Limited	Mauritius	Refer note b	Refer note b
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 previous year, HCG Pinnacle Oncology Private Limited the wholly owned subsidiary of the Company (Transferor Company), has been merged with the Company (Transferee Company) in accordance with the terms of a Scheme of Amalgamation (the Scheme) as approved by the Regional Director, Ministry of Corporate affairs, Hyderabad with an appointed date of 01 April 2016.

Note b: During the previous year, HCG (Mauritius) Private Limited lost control 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 (Refer Note no. 30.3).

Note c: During the previous year, the Company sold its investment in equity shares of HCG Regency Oncology Healthcare Private Limited to Regency Hospital Limited pursuant to which HCG Regency Oncology Healthcare Private Limited ceases to be a subsidiary of the Company. Refer note 30.2.

Note d: During the previous year, DKR HealthCare Private Limited (Transferor company), the wholly owned subsidiary of BACC HealthCare Private Limited (Transferee company) has been merged with the Transferee

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Company in accordance with the terms of a Scheme of Amalgamation (the Scheme) as approved by the Regional Director, Ministry of Corporate affairs, Hyderabad with an appointed date of 01 April 2017.

Note e : 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 ₹ 252.5 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.

Note f: 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.

Details of Associate company at the end of the reporting period are as follows:

(₹ in million)

Name of the Associate	Place of Incorporation	Proportion of ownership interest and Voting Power Held By The Group	
		Year ended 31 March 2019	Year ended 31 March 2018
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.

Details of the Joint Venture at the end of the reporting period are as follows:

(₹ in million)

Name of the Joint Venture	Place of Incorporation	Proportion of ownership interest and Voting Power Held By The Group	
		Year ended 31 March 2019	Year ended 31 March 2018
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.

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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 2019

(₹ in million)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2019		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 *	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	(0.62%)	(46.76)	(7.05%)	(27.42)	-	-	6.58%	(27.42)
(formerly known as MIMS HCG Oncology Private Limited)								
Malnad Hospital & Institute of Oncology Private Limited	0.12%	8.80	1.96%	7.63	-	-	(1.83%)	7.63
HealthCare Global Senthil Multi Speciality Hospital Private Limited	(0.52%)	(38.75)	(0.02%)	(0.08)	-	-	0.02%	(0.08)
Healthcare Diwan Chand Imaging LLP	(0.11%)	(8.21)	0.17%	0.66	-	-	(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)	-	-	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)	(0.047%)	0.01	12.60%	(52.54)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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 2019 (Contd..)

(₹ in million)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2019		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	0.16%	11.67	(0.14%)	(0.54)	(60.08%)	17.02	(3.95%)	16.48
c) Associate								
HealthCare Global (Africa) Private Limited	3.26%	244.66	(7.57%)	(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)	-	-	17.92%	(74.72)
e) Non-controlling interest	6.06%	455.47	(15.61%)	(60.78)	1.52%	-	14.48%	(60.34)
Total	100.00%	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)

*after considering consolidation adjustments

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

46.2 Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest:

(₹ in million)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2018		Share of profit or loss for the year ended 31 March 2018		Other comprehensive income for the year ended 31 March 2018		Share of total comprehensive income for the year ended 31 March 2018	
	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 *	86.88%	6,384.40	156.22%	320.60	110.73%	(1.96)	156.61%	318.64
2) Subsidiaries								
a) Indian								
HCG Medi-Surge Hospitals Private Limited	1.08%	79.35	7.32%	15.02	20.90%	(0.37)	7.20%	14.65
HCG Regency Oncology Healthcare Private Limited	0.00%	-	(37.62%)	(77.21)	(0.56%)	0.01	(37.94%)	(77.20)
HCG NCHRI Oncology LLP	(0.48%)	(35.01)	(26.23%)	(53.84)	(2.26%)	0.04	(26.44%)	(53.80)
Niruja Product Development and Research Private Limited	(0.26%)	(19.10)	(8.56%)	(17.57)	0.00%	-	(8.64%)	(17.57)
(formerly known as MIMS HCG Oncology Private Limited)								
Malinad Hospital & Institute of Oncology Private Limited	0.03%	1.91	0.64%	1.31	5.08%	(0.09)	0.60%	1.22
HealthCare Global Senthil Multi Speciality Hospital Private Limited	(0.51%)	(37.76)	(0.03%)	(0.06)	0.00%	-	(0.03%)	(0.06)
Healthcare Diwan Chand Imaging LLP	(0.09%)	(6.65)	(1.52%)	(3.12)	0.00%	-	(1.53%)	(3.12)
BACC Healthcare Private Limited	2.03%	149.49	21.79%	44.72	11.30%	(0.20)	21.88%	44.52
Apex HCG Oncology Hospitals LLP	(0.62%)	(45.32)	(44.34%)	(91.00)	(0.56%)	0.01	(44.72%)	(90.99)
HCG Oncology LLP	(1.00%)	(73.82)	(18.65%)	(38.28)	0.56%	(0.01)	(18.82%)	(38.29)
HCG EKO Oncology LLP	(0.01%)	(1.08)	(0.92%)	(1.88)	0.00%	-	(0.92%)	(1.88)
HCG Manavata Oncology LLP	(2.13%)	(156.70)	45.11%	92.57	(64.41%)	1.14	46.06%	93.71
HCG SUN Hospitals LLP	(0.01%)	(0.66)	(0.44%)	(0.90)	0.00%	-	(0.44%)	(0.90)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

46.2 Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interest: (Contd..)

(₹ in million)

Name of the entity	Net assets (total assets minus total liabilities) as at 31 March 2018		Share of profit or loss for the year ended 31 March 2018		Other comprehensive income for the year ended 31 March 2018		Share of total comprehensive income for the year ended 31 March 2018	
	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	(0.14%)	(10.51)	(3.39%)	(6.96)	-	-	(3.42%)	(6.96)
c) Associate								
Healthcare Global (Africa) Pvt. Ltd**	3.57%	262.45	(3.21%)	(6.58)	-	-	(3.23%)	(6.58)
d) Joint venture								
Strand Life Sciences Private Limited	2.97%	218.00	(3.62%)	(7.44)	-	-	(3.69%)	(7.44)
e) Non-controlling interest	8.70%	639.21	17.47%	35.85	19.21%	(0.34)	17.45%	35.51
Total	100%	7,348.20	100.00%	205.23	100.00%	(1.77)	99.97%	203.46
Adjustment arising on consolidation		(1,557.96)						
Total		5,790.24		205.23		(1.77)		203.46

*after considering 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 2019

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 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

(b) The Group has given inter-corporate deposits to its following companies

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of the loan
Apex Super Speciality Hospitals Private Limited	20.00	(20.00)	-	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

(c) The Group 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
NCHRI Private Limited	458.00	-	458.00	Corporate guarantee given to bank towards working capital loan/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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(d) The Group has made investment in the following companies during the year ended 31 March 2018

Investment in equity instruments	As at 31 March 2017	Invested during the year	Sold during the year	As at 31 March 2018
Investment in other companies				
Zoctr Health Private Limited	-	7.64	-	7.64
Suchirayu Healthcare Solutions Limited [#]	-	0.50	-	0.50
Investment in joint venture (Equity & preference shares)				
Strand Life Sciences Private Limited	-	240.00	-	240.00

(e) The Group has given inter-corporate deposits to its following companies during the year ended 31 March 2018

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of loans
Suchirayu Healthcare Solutions Limited [#]	30.00	18.00	48.00	These loans have been given for operational requirements of the respective entities
Apex Super Speciality Hospitals Private Limited	20.00	-	20.00	
NCHRI Private Limited	4.30	(4.30)	-	
Zoctr Health Private Limited	5.00	(5.00)	-	

[#]Security deposit given to Suchirayu Healthcare Solutions Limited in FY 17 has been converted into Inter-Corporate deposit in FY 18 (Refer Cashflow Statement).

(f) The Group has provided the guarantees to the following entities during the year ended 31 March 2018

(₹ in million)

Entity	As at 31 March 2018	Movement	As at 31 March 2018	Purpose of the guarantee
NCHRI Private Limited	319.75	138.25	458.00	Corporate guarantee given to Yes Bank for giving term loan / working capital loan for NCHRI Private Limited
Total	319.75	138.25	458.00	

*The above deposit include Corporate Guarantee given by the Group for Bank Guarantee & Cash Credit facility, this represents only corporate guarantee for term loan facility of the respective entity.

48 Goodwill on acquisition of City Cancer Centre (CCC) (refer note 6)

Acquisition

The Company entered into a business transfer agreement with Dr.Gopichand ('Seller') dated 28 February 2018 for purchase of business owned and operated by the Seller in the name of CCC located in Vijayawada. The Company has agreed to purchase the business on a slump sale basis for a lump sum consideration of ₹ 520 million without values being assigned to individual assets and liabilities.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Consideration is payable in tranches as follows:

- i) Issue of equity shares of the Company at ₹ 321 per equity share for a value of ₹ 299.75 million subject to shareholders approval
- ii) First tranche cash payment of ₹ 150.25 million
- iii) Contingent consideration of ₹ 70 million on achievement of the agreed Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) target.

During the previous year, the Company has obtained the approval of the shareholders for preferential allotment and on receipt of regulatory approvals during the current year, 934,500 equity shares for ₹ 299.75 million have been allotted to Dr.Gopichand, the contingent consideration has been disclosed under other financial liabilities. As of the date of approval of consolidated financial statements for the year ended 31 March 2019, the Seller achieved the agreed EBITDA target and the contingent consideration is fair valued.

Date of business combination - Considering the fact that the business transfer agreement has been entered into on 28 February 2018 and shareholders approval has been received on 29 March 2018, date of the business combination has been considered as 01 March 2018.

The acquisition is expected to provide the Group with an increased market share and also expects to reduce costs through economies of scale. Revenues included in the statement of profit and loss of this acquisition for the financial year ended 31 March 2018 is ₹ 17.78 million and profit after tax is ₹ 3.45 million. Had the business combination occurred on 01 April 2017, as per management estimate, revenues for the financial year ended 31 March 2018 would have been higher by ₹ 195.58 million and profit after tax would have been higher by ₹ 37.96 million.

The Group's share of costs incurred for this business combination had been charged off to consolidated statement of profit and loss.

a) Business combination

The above transaction qualifies as a business combination as per Ind AS 103 - "Business Combinations" and had been accounted by applying the acquisition method wherein identifiable assets acquired, liabilities assumed are fair valued against the fair value of the consideration transferred and the resultant goodwill recognised.

b) Measurement of fair values

Particulars	Valuation methodology	Notes
Tangible assets	Historical costs	Tangible assets include property, plant and equipment, trade receivables and inventories. Historical cost is considered for valuation of tangible assets based on the management representation that tangible assets will be realised at book value, after acquisition of business.
Tangible liabilities	Book value as on acquisition date	Tangible liabilities include trade payables / provision for expenses, and statutory liabilities. Book value as on the Valuation date is considered based on the management representation that, after acquisition of Business, such tangible liabilities are settled at book value as on acquisition date.
Goodwill	Residual method	Difference between fair value of identified assets and liabilities and purchase price.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

c) Identifiable assets and liabilities assumed

Particulars	Amount (₹ Mn)
Fair value of consideration transferred	
Equity shares*	299.75
Cash consideration	150.25
Contingent consideration	63.76
Total (A)	513.76
Assets acquired	
Property, plant and equipment (Refer note 5)	12.80
Trade receivables, net	37.98
Cash and cash equivalents	1.06
Inventories	3.90
Total assets acquired (B)	55.74
Liabilities assumed	
Trade payables and statutory liabilities (C)	26.50
Net assets acquired [D = (B-C)]	29.24
Goodwill (A-D)#	484.52

*The equity shares to be issued to the seller is pursuant to the preferential allotment of shares as per the relevant regulations. Had the equity shares been accounted at its value as on the date of the approval by the shareholders, value of shares would have been lower by ₹ 29.40 million.

#Goodwill is attributable to the increased market share and the synergies expected to be achieved from acquisition of CCC into the Company. Goodwill is tax deductible.

49 Acquisition of CICRI

Acquisition

HCG NCHRI Oncology LLP (Purchaser) being the subsidiary of Company, entered into a business transfer agreement dated 20 March 2017 with Dr.Ajay Mehta and Dr. Suchitra Mehta (Sellers) for purchase of business on a going concern basis effective 01 April 2017. Sellers own and operate a business in the name of Central India Cancer Research Institute (CICRI) in Nagpur which primarily comprises of an oncology hospital. The purchaser agreed to purchase the business on a slump sale basis for a lump sum consideration of ₹ 14 million without values being assigned to individual assets and liabilities.

Date of business combination and valuation date : 01 April 2017

The acquisition is expected to provide the Group with an increased market share which is driven by location advantage and also expects to reduce costs through economies of scale. Revenues included in the consolidated statement of profit and loss of this acquisition for the financial year ended 31 March 2018 is ₹ 12.32 million and profit after tax is ₹ 2.49 million. The Group has not incurred any costs related to this acquisition.

a) Business Combination

The above transaction qualifies as a business combination as per Ind As 103 - "Business Combination" and has been accounted by applying the acquisition method wherein identifiable assets acquired, liabilities assumed are fair valued against the fair value of the consideration transferred and the resultant bargain purchase is recognised as capital reserve.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

b) Measurement at fair values

Particulars	Valuation methodology	Notes
Tangible assets	Historical costs	Tangible assets include property, plant and equipment and trade receivables. Historical cost is considered for valuation of tangible assets based on the management representation that tangible assets will be realised at book value, after acquisition of business.
Tangible liabilities	Book value as on acquisition date	Liabilities include trade payables and statutory liabilities. Book value as on the valuation date is considered based on the management representation that, after acquisition of Business, such tangible liabilities are settled at book value as on acquisition date.
Tenancy rights	Market approach	Market approach valuation are those that determine the value of assets based on the prices of similar assets bought / leased and sold in the market.
Capital reserve	Residual method	Difference between purchase consideration and fair value of identified net asset values.

c) Identifiable assets and liabilities assumed

Particulars	Amount (₹ Mn)
Cash consideration transferred (A)	14.00
Assets acquired:	
Property plant and equipment (Refer note 5)	3.20
Trade receivables	0.06
Loans and advances	0.11
Cash and cash equivalents	1.82
Tenancy rights (Refer note 6)*	11.00
Total assets acquired (B)	16.19
Liabilities assumed:	
Trade payables and statutory liabilities (C)	1.02
Net assets acquired [D = (B+C)]	15.17
Bargain purchase (D-A)	1.17

As explained above, acquisition of tenancy rights to occupy the premises for a nominal rent of ₹ 1 has resulted in a gain on (bargain purchase) this business combination

*Cash consideration paid to the extent of ₹ 9.83 million towards acquisition of the intangible asset, (tenancy rights) is tax deductible.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

50 Utilisation of net proceeds from Initial Public Offer

The statement of category wise utilisation of net proceeds from Initial Public Offer is:

Category wise utilisation of net proceeds from Initial Public Offer	Amount proposed to be utilised	Amount proposed to be utilised after reallocation	Actual utilisation upto 31 March 2019	Actual utilisation upto 31 March 2018
Purchase of medical equipment	422.00	25.80	25.80	-
Investment in IT software, services and hardware*	301.90	298.10	298.10	59.00
Pre-payment of debt	1,470.40	1,470.40	1,470.40	1,470.00
General corporate purposes	197.70	597.70	597.70	198.00
Total	2,392.00	2,392.00	2,392.00	1,727.00

(i) ₹ 396.2 million from purchase of medical equipment and ₹ 3.8 million from investment in IT software, services and hardware has been reallocated to General corporate purpose usage, as allowed by the 'Objects of the offer' section in the Prospectus of the Company for the Initial Public Offer.

* Includes ₹ 100 million ear-marked for meeting payment commitments with regard to a contract for supply of IT softwares.

51 Effects on adoption of Ind AS 115

1) The Group has elected to adopt Ind AS 115 using the modified retrospective method. An entity that elects the modified retrospective method would apply Ind AS 115 retrospectively to only current period by recognising the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings at the date of application (i.e. 1 April 2018 in case of the Group).

Under the modified retrospective method, the comparative information in the consolidated financial statements would not be restated and would be presented based on the requirements of the previous standard.

The impact of adoption of the standard on the consolidated financial statements of the Group is insignificant.

2. Contract Balances

(₹ in million)

(a) Receivables

i) Trade receivables: Refer note 12	1,284.40
Opening balance as on 1 April 2018	1568.92
Closing balance as on 31 March 2019	
ii) Unbilled revenue : Refer note 9	126.80
Opening balance as on 1 April 2018	159.50
Closing balance as on 31 March 2019	

b) The Group does not have any contract asset as at 31 March 2019.

c) The contract liability amount from contracts with customers is given below :

Advance from customers : Refer note 19	
Opening balance as on 1 April 2018	204.42
Closing balance as on 31 March 2019	210.35
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	177.73

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

52 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2019 and 31 March 2018.

The accompanying notes are an integral part of these consolidated financial statements

As per our reports of even date attached

for **BSR & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place : Bengaluru

Date : 23 May 2019

for **and on behalf of the Board of Directors**

HealthCare Global Enterprises Limited

Dr. B.S. Ajaikumar

Chairman and CEO

DIN: 00713779

Srinivasa Raghavan

Chief Financial Officer

Place : Bengaluru

Date : 23 May 2019

Dr. Ramesh B.S.

Director

DIN: 00518434

Sunu Manuel

Company Secretary

Place : Bengaluru

Date : 23 May 2019

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